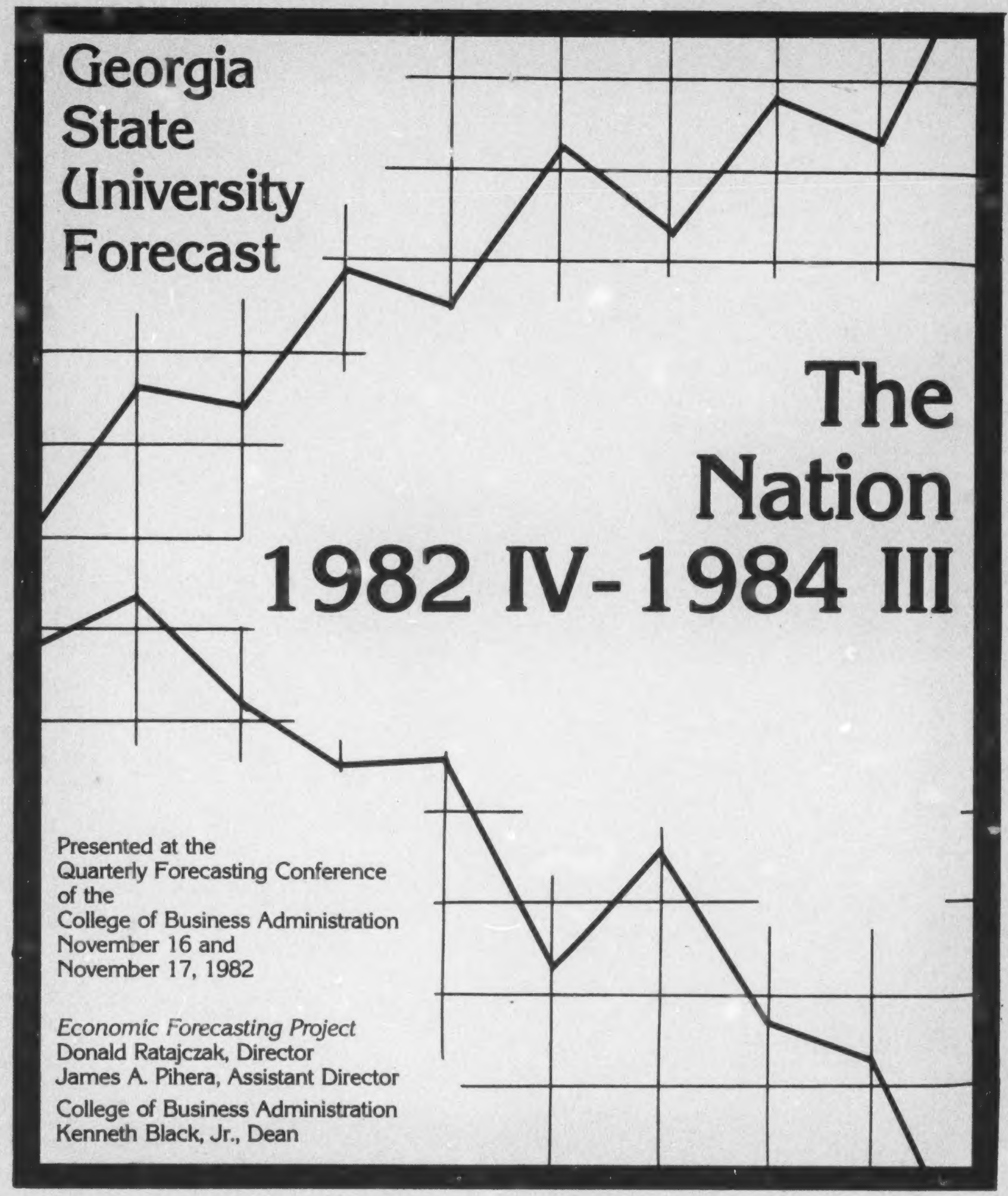

Georgia State University Forecast

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WEAK AND UNBALANCED RECOVERY COMING IN 1983

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COMMENTARY

Signs of impending economic recovery remain elusive in the monthly and quarterly economic statistics. Initial unemployment claims remain near record highs. Moreover, claims in September and early October may have been biased upward as a result of a ten week extension in unemployment benefits that was approved by Congress during the summer. A continuation of initial claims near 700,000 per week late in October signals intensifying rather than moderating economic weakness. The important index of hours worked continues to decline. Although the workweek of production workers in manufacturing finally has stabilized at a low level, any employment gains in manufacturing probably remain several months away. Inventories once again are excessive. Preliminary numbers show a $2.8 billion increase in inflation adjusted GNP during the summer, but purchases by the Commodity Credit Corporation and changes in farm inventories together swelled by $2.9 billion. Moreover, inflation adjusted automobile inventories increased $4.3 billion and truck inventories increased $1.4 billion. The Coldwell Banker vacancy index nationwide jumped from 7.1% in June to 8.9% in September, indicating that office space also is excessive. Unfortunately, significantly greater amounts of office space are scheduled to become available late in 1982 and early in 1983. Even the consumer's capacity to engage in increased spending has been exhausted by shortened workweeks and reduced employment opportunities. In September, the savings rate fell to 6.4%, an unusually low level for the latter stages of a recession.

Nevertheless, most analysts believe that some form of economic recovery should develop in the next few months. Declining interest rates and a soaring stock market provide most of the evidence of better economic times ahead. Benefitting from strong stock market gains, the index of leading indicators has increased in four of the past five months. However, too much positive influence can be read into these favorable economic conditions. Interest rates are declining partially because of a more accommodating Federal Reserve posture. Monetary aggregates have grown rapidly in recent months and even the monetary base has accelerated in the last two months. Beginning with its discount rate reduction on August 13, the Federal Reserve has led short-term interest rates lower. However, a weak economy, as evidenced by significant weakness in loan and commercial paper growth in recent months, also has contributed to declining interest rates. Between the end of June and early October, the price of a Treasury bond yielding 14% and maturing in 2011 has increased from 98 to 130, a gain of nearly 33%. Through the month of July the stock market was unimpressed by declining interest rates. Only after the Federal Reserve signalled a more aggressive stance on August 13 did the equity market realize that it was moving against favorable interest rate developments. (A change of heart by Henry Kaufman also changed market sentiment.)

The value of any future earnings stream rises whenever interest rates fall. If that income stream is sufficiently long, such as the earnings stream anticipated from equity ownership, and if the interest rate movements also are sufficiently long, as measured by the movement in treasury bond rates, then a 33% reduction in long-term interest rates should lead to a comparable improvement in equity values. In other words, the first 33% improvement in equity values since the middle of August completely reflects interest rate movements. Only equity gains above the interest rate adjustment can be viewed as reflecting improved earnings potential. Thus, far from predicting a vigorous recovery, the stock market has not yet projected any earnings recovery. (Normally, the interest rate influence upon equity values is much smaller than at present while anticipated earnings are much more significant. Thus, the stock market usually is a valuable leading indicator. Currently, however, the dramatic influence of interest rate movements may nullify the leading indicator characteristics of stock prices. If stock prices are eliminated from the leading indicators, those indicators curently would be declining.)

Of course, stock market gains improve the balance sheets of all those who own equities. Within a year of a $100 billion improvement in equity values, the household sector will increase consumption by $3 billion. As household balance sheets have improved by more than $250 billion, about $8 billion of consumption should be induced by the increased market value of wealth holdings. Such an increase in spending must come at the expense of savings. Therefore, any dramatic shifts toward consumer spending could lead to rising interest rates.

Although declining interest rates undoubtedly have improved equity values, only recently have interest rates declined more than inflation. While sensitive short-term interest rates have declined by 6 percentage points, and long-term rates have fallen 3 percentage points, price increases for industrial commodities have slowed from 8.2% in the twelve months of 1981 to only 2.1% in the twelve months projected through 1982. Interest rates after adjustment for inflation rose through June of 1982.

High real rates of interest necessitate an increase in the productivity of capital. With utilization rates below 70%, little of this improved productivity will be accomplished through new investments. Instead, the efficient utilization of existing capital must be enhanced. In many instances, this requires permanent closures of marginal facilities. Corporate profits were able to rise during the third quarter despite no appreciable improvement in economic activity and despite increased job losses because of the increased efficiency of operating capital. Of course, the desired stock of inventories also is adversely influenced by persistently high real rates of interest. Any prime rate may be too high when prices of commodities held in inventory decline between the time they are added to the warehouse and the time they are shipped to customers.

This more efficient deployment of existing capital is increasing productivity in the economy. Despite a severe recession, productivity is expected to increase nearly 1% in the private economy during 1982. Such gains unquestionably have helped to moderate inflationary pressures. Unit labor costs may grow as little as 3.2% in 1983 according to our projections. However, productivity gains that are generated by a redeployment of existing assets do not contribute significantly to long-term economic growth. After 1983, such productivity gains should be more difficult to generate.

In the meantime, rapid gains in productivity are sufficient to meet any increased demand for economic activity without generating gains in employment. The modest improvement in economic activity that is expected in 1983 will not generate substantial gains in consumer purchasing power. Moreover, the household sector is suffering from reduced gains in interest income. Therefore, the household sector is not earning sufficient purchasing power to sustain a vigorous consumer led expansion.

Fortunately, the demand for housing has been more restrained by an inability to finance monthly payments than by a concern over the real interest rates embodied in conventional mortgages. When gains in housing activity are combined with improved consumer spending, a modest economic expansion can be generated. Unfortunately, only a substantial reduction in real rates of interest can encourage any gains in capital spending in the next year.

Two factors appear to prevent any significant further gains in real rates of interest. First, inflationary pressures continue to recede. Excess inventories and improving capital efficiency both are reducing inflation rates. Moreover, wage contracts that are tied to consumer price changes are being restrained by sharp declines in mortgage rates. Although the official Consumer Price Index will be changed to a rental equivalent basis in January, the consumer index for most of these price adjustments will continue to overweigh the significance of changes in home prices and mortgage interest rates. Currently, mortgage interest rates are falling sharply, leading to little change in consumer prices in the fourth quarter of 1982. Just as inflationary forces were amplified by escalator clauses, disinflationary forces are also being accentuated by the impact of these clauses upon cost factors. Therefore, even an expected increase in raw material costs in 1983 will not reaccelerate inflationary pressures.

Second, savings flows should not be as favorable for declining interest rates in 1983 as they were in 1982. The combined influence of inventory liquidations and capital efficiency enhancement improved corporate liquidity late in 1982. This liquidity enhancing should continue through the first half of 1983 before inventory restocking removes the corporate sector as a net supplier of funds to the credit system. Improving stock market values and some firming in housing prices should increase consumer wealth and encourage consumption relative to any income flows being generated. Thus, household savings may be declining. At the same time, tax reductions are expected to be more significant in reducing receipts than any restraint in government spending, especially as reduced inflation moderates the receipts from inflation in the excise and progressive income taxes. In FY 1983 the government deficit on a national income accounts basis is expected to exceed $160 billion.

The most significant change in savings flows, however, should occur in the foreign accounts. In 1982 desired capital flows into the United States were exceedingly strong. Despite a $10 billion current account deficit at annual rates during the third quarter, the dollar was able to improve in value against all major currencies. This occurred despite declines in short-term interest rates which exceeded interest rate declines in many of the other industrialized economies. Current account deficits should increase substantially. Although foreign capital flows may continue to bolster the dollar's value, this growing trade debt ultimately should tip the scales against the dollar. Once that occurs, probably early in 1983, foreign investors will seek alternative havens to the dollar. This withdrawal of foreign capital will exert upward pressures upon interest rates.

Initially, claims against credit markets should remain weak. Interest rates should continue to decline irregularly through the first half of 1983. However, rising mortgage debt and a shift in the corporate sector from a supplier to a demander of funds probably will exert upward pressures upon interest rates in the latter half of 1983. Further declines in interest rates will be difficult to achieve at that time. If so, real interest rates will remain unusually high during the economic expansion. As a result, the economic expansion will remain weak and consumer oriented.

Monetary policy has been too restrictive in 1982. Short-term interest rates certainly should not be above long-term interest rates after an economic recession has been identified. The Federal Reserve rectified this problem after the beginning of July. More rapid money growth than currently exists may be beneficial, although the degree to which the Federal Reserve can determine long-term interest rates is overstated. A reasonable monetary rule would be to increase the growth of monetary aggregates until the resultant decline in sensitive short-term interest rates no longer is spawning a sympathetic response in long-term interest rates. At that point, Federal Reserve activity no longer should be used to encourage interest rate reductions.

The solution to improving this less than acceptable economic expansion is to remove its impediments. The primary problem is high real rates of interest. A movement toward reaccelerating inflation would not be a desirable method of resolving the interest rate problem, although it would reduce the real rate of interest. Programs that encourage household savings, improve corporate liquidity, and reduce government borrowings must be pursued. Obviously, excise tax increases have merit. Decontrol of natural gas prices with a windfall profits provision also would be beneficial, as such windfall provisions economically are excise taxes. Moderation in government spending programs also must be pursued. Unless such policies are initiated, the outlook for a vigorous recovery is not very promising.

Recent Performance and Outlook

Economic activity in the third quarter was comparable to anticipations. Prices moderated more significantly than anticipated, but this occurred because import prices rose more rapidly than export prices. Because the method used to measure changes in prices of inventories does not adequately incorporate movements in import prices, negative changes in the terms of trade tend to understate inflationary pressures in the quarter in which they occur. As a result, our estimates of price changes for the fourth quarter have been adjusted upward to reflect these shifting trade values.

Even with an upward adjustment to reflect terms of trade movements, inflation in the fourth quarter and throughout 1983 has been reduced significantly from previous anticipations. Some of this adjustment reflects more favorable food prices than previously expected. Of course, we also have revised upward our estimates of productivity because of the above mentioned capital adjustments to high real rates of interest. Wage rates also are expected to moderate slightly from previous anticipations under pressures of higher than previously expected unemployment rates. Estimated gross profit margins in the private economy may be slightly too high for prevailing economic conditions. If so, inflation rates may be adjusted slightly downward in our next analysis.

Although real economic activity approached anticipations, the composition was extremely unfavorable. Instead of an increase in final demand, real final demand actually declined in the third quarter. Instead of the gradual termination of inventory liquidations, inventory imbalances intensified in the third quarter. As a result, further economic weakness now is anticipated into the first quarter of 1983 to remove these problems. Furthermore, the greater decrease in inflation has only partially been adjusted by a greater decrease in interest rates. Real rates of interest are projected to be higher in 1983 than in our previous forecast. This adversely affects investment projections.

Both consumer activity and savings rates are projected to be lower than previously anticipated. This unusual conclusion is the result of a sharp reduction in employment and a more rapid erosion in the growth of interest earnings than previously expected. Excluding the tax reductions in 1983, the consumer has no capacity to provide economic stimulus.

A slowing in interest payments, on the other hand, has favorably affected projections of corporate profits. Even if the returns to capital remain unchanged, the percentage of those returns going to interest recepients is being reduced. Thus, the returns available to equity owners are rising. Increases in the efficient utilization of capital also are raising the returns from capital relative to labor.

Federal government receipts in the third quarter were higher than anticipated, but only because withholding rates were not fully adjusted to reflect changes in tax liability. Early in 1983, this discrepancy between liabilities and payments will be reflected in reduced payments. Of course, weak economic activity also has depressed receipts. (No attempt to incorporate the recent court ruling on the windfall profits tax has been made. Sustaining the adverse ruling undoubtedly will increase the government deficit. While corporate profits also will be increased, the impact of this adverse court ruling upon the structural deficit ultimately may prove to be the dominant economic factor.)

Government expenditures currently are $17 billion above our previous anticipations, primarily because of higher interest expenses, higher unemployment compensation, and increased purchases by the Commodity Credit Corporation. Interest expenses are expected to fall below our previous projections. Also, we have assumed slower growth in defense spending, as reduced inflationary pressures already have generated a 9% real growth path for such expenditures.

Consumer prices are slowing more sharply than previously anticipated. Part of this slowing is caused by large declines in mortgage interest costs, which may generate no gain in the Consumer Price Index during the fourth quarter. However, a shift to a rental equivalent measure of consumer prices in 1983 eliminates mortgages as a factor in that year. However, escalator clauses still are being adjusted downward because of the impact of mortgage interest on the Consumer Price Index for wage earners and clerical workers. Energy prices also have been projected to grow more slowly than in previous analyses, and food prices are expected to increase more moderately than in previous projections.

All financial variables clearly have performed more favorably than anticipated three months ago. Although a modest stock market rally was anticipated, the strength of the latest rally clearly relates to sharper declines in interest rates than previously anticipated. Economic weakness undoubtedly is a factor in lowering these interest rates in addition to the foreign flows of capital into the United States in response to very high real rates of interest. These were especially favorable conditions from which an easing of monetary policy could spawn significant moderation in interest rates. The Federal Reserve is expected to remain slightly accommodating into 1984. If such accommodation is not forthcoming, both short and long-term interest rates will perform more poorly than currently projected while equity values will not show the degree of advance currently contemplated.

There is some possibility that our inflationary projections are overstated. Nevertheless, our inflationary projections have been extremely accurate during this period of disinflation, and we would like to await evidence that our analysis is off-the-mark before altering our forecasting techniques.

Interest rates never were expected to rise to new highs during the second half of this year. However, the magnitude by which interest rates declined suggests that the interest sensitivity of the economy is much smaller than previously anticipated. Very small shifts in savings and investment behavior lead to dramatic changes in interest rate movements. The diminished countercyclical response of government deficits tends to accentuate this interest rate instability. As a result of recent interest rate movements, we have increased our use of flow of funds analysis to determine credit market pressures and have diminished the role that money markets play in determining interest rates. Those expecting to resolve high real rates of interest merely by requiring the Federal Reserve to generate reduced short-term interest rates will be following an economic course that ultimately will not succeed.

Assumptions

Most of the government assumptions are contained in Table 5 and Table 6. As mentioned above, monetary policy is expected to be slightly accommodating. Although some attempt to re-establish monetary targets in 1983 will be made, we expect this money supply approach to be abandoned as the 1984 elections approach. Nevertheless, money growth should not exceed 6.4% in 1984.

Because current law generates a negative cash position for the social security funds by early 1984, several assumptions were required to generate realistic budgetary conditions. First, social security taxes were expected to be 6.70% for employee and employer on the first $35,700 of wages in 1983 and were then expected to accelerate to 7.25% on the first $37,900 in 1984. The 7.25% rate was chosen because it is larger than the 7.15% rate already enacted for 1986 but lower than the 7.65% enacted for 1990. A tax increase in 1984 that would replace the 1990 tax increase could be claimed as a long-term tax reduction, although it would increase revenues early in the decade, when the cash needs are most intense. No adjustment was made to cost of living indices, primarily because the CPI-W procedure used to create inflation adjustments already generates a relatively modest 4.0% gain for 1983 and a 5.1% gain for 1984. However, the beginning benefit bracket upon retirement was expected to be adjusted downward, leading to a significant slowing in benefit growth. All people currently exempted from social security were assumed to be grandfathered, but all new employees of federal and nonprofit organizations were expected to become a part of the social security system.

A modest public works program was expected to be enacted with financing from a 5¢ increase in the gasoline excise tax in 1984. Of course, increased excise taxes for cigarettes were expected to yield $1.2 billion in 1983 and in 1984. The telephone tax was expected to yield a $1 billion increase in 1983 and again in 1984. The increased excise tax on airlines already was incorporated in the series. The price responsiveness of telephone and airline tax changes was assumed to be 50% in the first two quarters after enactment. The price response of the cigarette excise tax was expected to be 80% in the two subsequent quarters.

Federal employees were expected to receive a 4% salary increase in October 1983. The military was expected to receive the same gains in that year as civilian employees.

Assumptions already incorporated from previous forecasts include:

(a) A slowing in the growth of medicare benefits of $6 billion per year in 1983 and 1984 from previous projections; a slowing in the growth of AFDC expenditures by $0.5 billion beginning in 1983; veterans payments of origination fees for VA loans, leading to a $0.5 billion reduction in implied benefits; and a 4% ceiling on the cost of living adjustment for government retirees.

(b) No significant corporate failures or work stoppages were expected to have noticeable affects upon production in the next two years.

(c) Finally, the world price of oil entering the United States is expected to average $33.90 in 1983 and $34.50 in 1984. OPEC contract prices were expected to hold, but no significant increase in world oil prices was expected in the forecast.

Summary

Although interest rates have declined sharply since midyear, most of this decline is directly related to comparable slowing in commodity inflation. As a result, real rates of interest have decreased only modestly. Stock prices, which reflect the present values of future earnings streams, have appropriately responded to this interest rate decline. Our estimates strongly suggest that the stock market has not yet anticipated any improvement in that earnings stream. Even the very mild economic recovery that is projected here should lead to substantially higer equity values than currently exist. Such equity improvements clearly will encourage increased consumption and may also lead to improved equity financing. However, the failure of real rates of interest to decline significantly will continue to retard the interest sensitive components of the economy, except housing. Housing has been restrained by the inability of potential homebuyers to receive financing rather than by the lack of desire of homebuyers to acquire housing at high real rates of interest. As a result, reductions in nominal interest rates are stimulating effective housing demand.

Inflation rates should remain modest through 1984. Employment reductions related to inventory liquidations currently are preventing the household sector from accumulating sufficient earning power to respond to this declining inflationary trend. Once inventory liquidations are completed early in 1983, however, gains in real purchasing power will stimulate consumer spending. On the other hand, declining inflationary pressures are reducing inflation induced revenues by a greater percentage than government expenditures are being restrained. Thus, government deficits continue to increase. Without tax increases and slowing in major expenditures programs, such as defense and entitlements, deficits would show no tendency to decline even during economic recovery. This structural deficit problem will continue to preserve extremely high real rates of interest, leading to an unbalanced and incomplete economic recovery. Nevertheless, the long awaited economic recovery should begin early in 1983 even if it is more of a whimper than a bang.

Table 1.

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

U.S. Expenditures for 1982-II through 1984-III

		1982			1983				1984			Percent Change			Annual		
		II	III	IV	I	II	III	IV	I	II	III	81-82	82-83	83-84	1982	1983	1984
1.	Personal Consumption Expenditures	1947.8	1989.5	2027.9	2072.9	2116.4	2156.7	2200.2	2244.1	2289.0	2335.0	6.9	8.4	8.2	1971.2	2136.6	2312.5
2.	Autos and Parts	103.3	104.3	106.4	112.6	117.2	120.1	123.0	125.3	128.5	131.7	5.8	13.3	10.1	104.3	118.2	130.1
3.	Other Durable Goods	137.4	136.3	136.8	138.5	140.7	142.4	144.6	146.7	149.9	152.6	0.2	3.9	6.6	136.3	141.6	151.0
4.	Nondurable Goods	755.0	770.8	782.3	794.7	809.2	821.2	833.7	846.0	860.1	873.8	4.1	6.6	6.4	764.3	814.7	866.8
5.	Services	952.1	978.1	1002.4	1027.1	1049.3	1073.0	1098.9	1126.1	1150.5	1176.9	10.5	9.9	9.7	966.3	1062.1	1164.7
6.	Gross Private Domestic Investment	431.5	438.5	426.5	443.0	455.1	482.7	498.8	520.5	528.5	531.7	-9.2	9.8	13.3	427.9	469.9	532.5
7.	Residential Structures	95.5	97.4	102.6	106.4	115.2	126.8	140.6	150.1	152.0	147.5	-7.3	25.8	25.3	97.2	122.3	153.3
8.	Other Structures	143.6	140.5	139.5	139.5	139.2	139.2	140.6	142.9	144.9	147.2	8.9	-1.3	4.5	141.3	139.6	145.9
9.	Producers' Durables	208.6	201.0	199.5	198.7	199.7	200.7	202.9	205.4	208.5	212.2	-4.7	-2.8	4.8	206.2	200.5	210.2
10.	Change in Inventories	-16.2	-0.5	-15.1	-1.6	1.0	16.0	14.7	22.1	23.1	24.8	-	-	-	-16.9	7.5	23.2
11.	Net Export of Goods and Services	34.9	13.2	13.0	11.8	10.5	7.6	1.6	6.4	12.4	14.2	-	-	-	23.1	7.9	10.2
12.	Exports	365.8	356.6	361.6	363.3	371.0	375.2	385.0	395.6	407.7	418.5	-1.7	3.5	10.5	361.0	373.6	412.8
13.	Imports	330.9	343.4	348.6	351.5	360.5	367.6	383.4	389.2	395.3	404.3	-1.0	8.3	10.1	337.9	365.8	402.6
14.	Government Purchases of Goods and Services	630.9	650.2	669.6	679.4	691.3	704.2	722.6	736.1	749.4	762.6	8.1	8.4	8.3	645.2	699.4	757.7
15.	Federal	244.3	257.5	271.9	274.7	278.6	283.7	293.5	299.3	304.0	308.5	11.8	10.4	8.9	255.9	282.6	307.7
16.	National Defense	176.2	183.7	193.6	198.2	202.6	207.1	215.0	220.5	225.9	230.7	17.0	14.3	11.4	179.9	205.7	229.2
17.	Other, including NASA	68.2	73.9	78.3	76.5	76.0	76.6	78.5	78.8	78.1	77.8	1.1	1.2	2.2	76.0	76.9	78.6
18.	State and Local	386.6	392.6	397.7	404.7	412.7	420.5	429.1	436.8	445.4	454.1	5.8	7.1	7.9	389.3	416.8	449.9
19.	Gross National Product	3045.2	3091.4	3137.0	3207.1	3273.3	3351.2	3423.2	3507.1	3579.3	3643.5	4.4	8.0	9.0	3067.3	3313.7	3612.9
20.	Amount of Change	49.7	46.2	45.6	70.1	66.2	77.9	72.0	83.9	72.2	64.2	-	-	-	129.6	246.4	308.2
21.	% Change*	6.8	6.2	6.0	9.2	8.5	9.9	8.9	10.2	8.5	7.4	-	-	-	4.4	8.0	9.0
22.	% Real Change*	2.1	0.8	0.8	3.5	2.7	4.2	3.2	4.6	2.5	1.9	-	-	-	-1.6	2.5	3.4
23.	% Price Change*	4.6	5.4	5.1	5.5	5.7	5.4	5.5	5.3	5.8	5.4	-	-	-	6.1	5.4	5.5
24.	Implicit Price Deflator	205.98	208.71	211.35	214.22	217.21	220.08	223.02	225.94	229.15	232.16	-	-	-	207.43	218.63	230.6
25.	Change in Final Sales	30.3	30.4	60.2	56.6	63.6	62.9	73.3	76.5	71.2	62.5	-	-	-	147.0	222.0	283.5
26.	GNP in 1972 Dollars	1478.4	1481.2	1484.3	1497.1	1507.0	1522.7	1534.9	1552.2	1562.0	1569.4	-1.6	2.5	3.4	1478.7	1515.4	1566.4

*Annual Rate

Table 2.

Georgia State University
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Economic Forecasting Project
November 1982

U.S. Real Expenditures for 1982-II through 1984-III

		1982			1983				1984			Percent Change			Annual		
		II	III	IV	I	II	III	IV	I	II	III	81-82	82-83	83-84	1982	1983	1984
1.	Personal Consumption	955.0	958.4	964.3	972.5	979.7	984.6	991.1	996.8	1002.5	1008.6	1.0	2.6	2.4	956.7	982.0	1005.8
2.	Durable Goods	138.3	136.8	137.1	140.2	142.5	143.7	145.3	146.5	148.4	150.2	-1.8	4.0	4.4	137.4	142.9	149.2
3.	Nondurable Goods	364.5	366.9	369.2	370.7	373.1	374.6	376.5	377.6	379.1	380.8	0.9	2.2	1.7	365.7	373.7	380.1
4.	Services	452.2	454.6	458.0	461.6	464.1	466.3	469.3	472.7	475.0	477.6	1.9	2.6	2.4	453.6	465.3	476.5
5.	Gross Private Domestic Investment	202.3	202.1	196.8	201.8	204.6	214.5	219.0	226.9	227.7	227.3	-11.8	5.4	8.8	199.2	210.0	228.5
6.	Residential Structures	40.1	40.5	42.3	43.2	46.0	50.0	54.7	57.6	57.6	55.3	-9.8	19.8	19.0	40.5	48.5	57.7
7.	Other Structures	53.7	52.5	51.9	51.5	50.9	50.5	50.6	51.0	51.2	51.5	2.5	-3.8	0.8	52.9	50.9	51.3
8.	Producers' Durables	113.0	108.5	107.0	106.1	105.7	105.7	106.2	106.7	107.5	108.4	-7.1	-5.3	1.9	111.8	105.9	107.9
9.	Change in Inventories	-4.4	0.7	-4.4	1.0	2.0	8.3	7.5	11.6	11.4	12.1	-	-	-	-5.9	4.7	11.5
10.	Net Export of Goods and Services	35.7	30.7	30.2	29.6	28.8	28.3	27.2	29.5	31.7	32.5	-	-	-	33.4	28.5	31.2
11.	Exports	154.4	150.2	152.0	151.4	152.6	152.6	154.7	156.9	159.0	160.9	-4.0	0.5	4.7	152.1	152.8	160.0
12.	Imports	118.7	119.5	121.8	121.8	123.8	124.3	127.5	127.4	127.3	128.4	2.0	4.8	3.5	118.7	124.4	128.7
13.	Government Purchases of Goods & Services	285.3	290.0	293.0	293.2	293.9	295.3	297.6	299.0	300.1	301.0	0.8	1.9	2.0	289.4	295.0	300.9
14.	Federal	110.3	115.3	118.6	118.7	119.0	120.1	121.7	122.7	123.3	123.8	3.9	4.5	3.3	114.7	119.9	123.8
15.	State & Local	175.0	174.7	174.4	174.5	174.9	175.2	175.9	176.3	176.8	177.2	-1.1	0.2	1.1	174.8	175.1	177.1
16.	Gross National Product	1478.4	1481.2	1484.3	1497.1	1507.0	1522.7	1534.9	1552.2	1562.0	1569.4	-1.6	2.5	3.4	1478.7	1515.4	1566.4
17.	Final Demand	1482.7	1480.6	1488.7	1496.1	1505.0	1514.4	1527.4	1540.6	1550.6	1557.3	-0.6	1.8	2.3	1484.5	1510.7	1554.8
18.	Private Product	1298.4	1302.9	1305.7	1318.8	1326.8	1343.0	1354.7	1371.9	1381.8	1388.9	-0.7	2.8	3.8	1299.9	1335.8	1385.9

Table 3.

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Income Related U.S. GNP Components for 1982-II through 1984-III

		1982			1983				1984			Percent Change			Annual		
		II	III	IV	I	II	III	IV	I	II	III	81-82	82-83	83-84	1982	1983	1984
1.	Compensation of Employees	1850.7	1867.8	1886.3	1919.8	1954.0	1990.4	2035.0	2085.5	2125.3	2166.1	5.2	6.2	8.8	1858.9	1974.8	2147.9
2.	Wage and Salary	1556.6	1569.4	1583.8	1608.6	1636.1	1666.3	1703.3	1737.1	1769.4	1802.6	4.6	5.8	8.1	1562.8	1653.6	1787.9
3.	Manufacturing	385.6	383.6	380.4	386.8	393.5	400.1	407.9	417.1	425.7	433.6	-0.7	3.5	8.2	383.7	397.1	429.6
4.	Other Commodity-Producing Industries	128.0	126.4	126.3	129.5	132.7	138.0	144.2	149.2	152.3	155.8	2.5	6.7	13.9	127.5	136.1	155.0
5.	Distributive Industries	375.4	378.5	380.9	385.6	391.2	396.1	402.3	409.4	416.3	423.7	4.2	4.6	6.6	376.6	393.8	419.9
6.	Service Industries	367.6	377.3	384.8	391.5	399.5	408.3	417.4	426.3	435.7	445.3	9.9	8.6	9.0	372.3	404.2	440.6
7.	Military	39.8	39.9	43.4	43.7	43.8	43.8	46.0	46.3	46.4	46.4	14.3	8.8	6.1	40.7	44.3	47.0
8.	Civilian Government	260.2	263.6	268.0	271.5	275.4	280.0	285.5	288.8	290.3	297.8	5.9	6.1	6.1	262.2	278.1	295.1
9.	Supplements	294.1	298.4	302.5	311.2	317.9	324.1	331.7	348.4	355.9	363.5	8.2	8.5	12.1	296.1	321.2	360.0
10.	Proprietors' Income	117.3	120.4	124.0	125.9	130.6	135.9	136.7	137.5	142.4	145.0	-4.2	10.7	7.9	119.5	132.3	142.7
11.	Business & Professional	99.9	101.4	103.3	105.9	108.3	110.7	112.4	114.9	116.5	117.8	0.1	8.4	7.2	100.8	109.3	117.2
12.	Farm	17.4	19.0	20.7	20.0	22.3	25.2	24.3	22.6	25.9	27.2	-22.1	23.0	10.9	18.7	23.0	25.5
13.	Rental Income	34.2	34.6	35.0	35.4	35.9	36.4	36.9	37.5	38.1	38.6	1.5	5.2	5.8	34.4	36.2	38.3
14.	Net Interest	267.5	270.8	272.9	275.8	279.0	282.7	288.5	294.7	300.9	307.3	13.5	5.2	8.0	267.5	281.5	304.1
15.	Corporate Profits Adj.	155.4	161.1e	168.6	183.3	192.4	201.1	211.9	218.8	222.4	224.3	-15.7	22.8	14.4	160.6	197.2	225.5
16.	National Income	2425.2	2454.7e	2486.8	2540.2	2591.9	2646.5	2709.0	2774.0	2829.1	2881.3	3.8	7.4	9.0	2440.9	2621.9	2858.4
17.	Indirect Business Tax	256.7	263.6	269.7	278.3	284.7	291.2	297.8	310.1	317.4	324.2	3.5	10.7	11.4	260.1	288.0	320.8
18.	Capital Consumption Adj.	49.6	45.8	43.1	41.8	41.3	41.7	41.8	40.9	41.1	41.4	-22.5	-14.0	-1.2	48.5	41.7	41.2
19.	Capital Consumption Alw.	304.4	314.6	324.3	333.9	343.6	353.0	362.5	372.0	381.3	390.4	15.6	12.6	10.9	309.2	348.3	386.2
20.	Business Transfers	13.5	13.8	14.2	14.5	14.9	15.3	15.8	16.2	16.6	17.0	10.5	10.2	11.3	13.7	15.1	16.8
21.	Net Govt. Subsidies	-4.9	-6.8	-7.0	-6.2	-4.9	-5.4	-6.0	-6.2	-6.0	-5.4	-	-	-	-6.2	-5.6	-5.9
22.	Statistical Discrepancy	0.8	5.7e	5.9	4.6	1.8	8.9	2.3	0.1	-0.2	-5.4	-	-	-	1.2	4.4	-4.6
23.	Gross National Product	3045.2	3091.4	3137.0	3207.1	3273.3	3351.2	3423.2	3507.1	3579.3	3643.5	4.4	8.0	9.0	3067.3	3313.7	3612.9

Table 4.

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Derivation of U.S. Personal Income for 1982-II through 1984-III

	1982			1983				1984			Percent Change			Annual		
	II	III	IV	I	II	III	IV	I	II	III	81-82	82-83	83-84	1982	1983	1984
1. National Income	2425.2	2454.7e	2486.8	2540.2	2591.9	2646.5	2709.0	2774.0	2829.1	2881.3	3.8	7.4	9.0	2440.9	2621.9	2858.4
2. Less: Corp. Profits Adj.	155.4	161.1e	168.6	183.3	192.4	201.1	211.9	218.8	222.4	224.3	-15.7	22.8	14.4	160.6	197.2	225.5
3. Social Insurance	253.1	255.2	256.5	266.4	271.2	276.0	281.9	305.9	311.5	317.2	6.6	7.9	14.9	253.9	273.9	314.6
4. Plus: Government Transfers	351.7	366.9	373.4	375.2	379.8	386.7	388.2	389.2	394.0	403.3	10.7	6.7	4.0	358.4	382.5	397.8
5. Old Age, Survivors, etc	197.5	209.3	211.5	213.3	215.8	222.3	224.7	226.4	229.5	238.9	11.8	7.7	6.9	203.3	219.0	234.1
6. Unemployment Benefits	23.5	25.3	28.7	28.6	28.4	28.1	27.7	27.1	26.5	25.9	56.5	17.0	-6.7	24.1	28.2	26.3
7. Veterans' Benefits	16.1	16.2	16.3	16.2	16.0	16.0	15.8	15.7	15.5	15.5	1.2	-1.8	-3.1	16.3	16.0	15.5
8. Employees' Retirement	54.4	54.7	55.9	56.6	59.1	59.5	60.1	60.9	63.5	63.9	10.4	8.3	7.5	54.3	58.8	63.2
9. A.F.D.C.	13.2	12.9	12.8	12.9	13.0	12.9	12.6	12.6	12.7	12.6	-3.0	-0.8	-2.3	13.0	12.9	12.6
10. Other	47.0	48.5	48.2	47.6	47.5	47.9	47.3	46.5	46.3	46.5	-0.4	-0.2	-2.7	47.7	47.6	46.3
11. Business Transfers	13.5	13.8	14.2	14.5	14.9	15.3	15.8	16.2	16.6	17.0	10.5	10.2	11.3	13.7	15.1	16.8
12. Interest Transfers	104.5	111.6	113.4	113.9	114.6	115.9	117.4	120.5	123.0	125.7	18.1	4.8	7.4	110.2	115.5	124.1
13. Dividends	66.1	67.2	68.6	70.6	73.1	75.5	77.8	80.5	83.0	85.1	7.0	11.0	13.2	66.9	74.3	84.1
14. Equals: Personal Income	2552.7	2597.8	2631.3	2664.7	2710.7	2762.8	2814.4	2855.7	2911.8	2970.9	6.5	6.4	7.4	2573.1	2738.2	2941.2
15. Less: Personal Tax Payments	401.2	395.5	402.4	403.9	409.4	399.2	409.3	419.7	426.5	441.5	2.9	1.9	7.3	398.1	405.5	435.1
16. Equals: Disposable Personal Income	2151.5	2202.3	2228.9	2260.8	2301.3	2363.6	2405.1	2436.0	2485.3	2529.4	7.2	7.3	7.4	2175.0	2332.7	2506.1
17. Less: Consumption	1947.8	1989.5	2027.9	2072.9	2116.4	2156.7	2200.2	2244.1	2289.0	2335.0	6.9	8.4	8.2	1971.2	2136.6	2312.5
18. Less: Other Outlays	59.4	59.7	60.5	61.0	61.7	62.4	63.4	64.3	65.3	66.2	6.8	4.4	6.0	59.5	62.1	65.8
19. Equals: Personal Savings	144.3	153.0	140.5	126.9	123.2	144.5	141.5	127.6	131.0	128.2	10.8	-7.1	-4.4	144.2	134.0	128.1
20. Savings Rate (%)	6.7	6.9	6.3	5.6	5.4	6.1	5.9	5.2	5.3	5.1	-	-	-	6.6	5.7	5.1

Table 5.

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

U.S. Federal Government Activity for 1982-II through 1984-III

	1982			1983				1984			Percent Change			Annual		
	II	III	IV	I	II	III	IV	I	II	III	81-82	82-83	83-84	1982	1983	1984
1. Government Receipts	617.0	614.0e	620.8	638.2	648.6	642.5	658.8	697.1	708.4	725.3	2.0	5.1	11.1	615.4	647.0	718.6
2. Personal Tax & Non-Tax	305.8	296.9	301.5	300.6	303.9	290.7	298.1	305.3	309.3	321.3	0.9	-0.9	6.0	301.0	298.3	316.3
3. Corporate Profits Tax	45.2	46.4e	46.3	52.3	54.5	56.4	59.4	61.0	62.4	61.8	-31.5	20.8	12.4	46.1	55.7	62.6
4. Indirect Business Tax	49.8	53.2	54.9	58.8	60.3	61.8	63.2	70.3	72.0	73.1	-11.6	18.0	18.8	51.7	61.0	72.5
5. Contributions for Social Security	216.2	217.5	218.1	226.5	229.9	233.6	238.1	260.5	264.7	269.1	6.1	7.1	15.2	216.7	232.0	267.2
6. Government Expenditures	736.6	771.2	791.5	793.2	798.6	809.8	822.3	831.2	841.8	857.3	10.1	6.5	5.5	756.9	806.0	850.2
7. Purchases of Goods and Services	244.3	257.5	271.9	274.7	278.6	283.7	293.5	299.3	304.0	308.5	11.8	10.4	8.9	255.9	282.6	307.7
8. Defense	176.2	183.7	193.6	198.2	202.6	207.1	215.0	220.5	225.9	230.7	17.0	14.3	11.4	179.9	205.7	229.2
9. Durables	48.9	51.3	54.2	56.3	58.5	60.9	63.4	65.6	68.1	70.4	23.2	21.1	15.9	49.4	59.8	69.3
10. Nondurables	13.4	13.8	14.1	14.5	14.7	15.0	15.2	15.6	16.0	16.3	8.7	8.8	8.1	13.7	14.9	16.1
11. Military Compensation	39.8	39.9	43.4	43.7	43.8	43.8	46.0	46.3	46.4	46.4	14.3	8.8	6.1	40.7	44.3	47.0
12. Civilian Compensation	26.7	26.9	27.9	28.0	28.1	28.3	29.2	29.4	29.4	29.5	7.1	5.2	4.6	27.0	28.4	29.7
13. Other Services	44.1	48.1	50.3	51.9	53.6	55.2	57.2	59.6	61.9	64.0	28.1	19.5	15.6	45.6	54.5	63.0
14. Structures	3.3	3.7	3.7	3.8	3.9	3.9	4.0	4.0	4.1	4.1	20.0	8.3	5.1	3.6	3.9	4.1
15. Nondefense	68.2	73.9	78.3	76.5	76.0	76.6	78.5	78.8	78.1	77.8	1.2	1.2	2.2	76.0	76.9	78.6
16. Durables	2.6	2.7	2.7	2.7	2.8	2.8	2.9	2.9	2.8	2.8	8.0	3.7	3.6	2.7	2.8	2.9
17. Nondurables	4.8	10.7	13.6	11.5	10.6	10.9	11.5	11.2	10.3	9.6	8.2	-6.7	-3.0	11.9	11.1	10.3
18. Compensation	32.4	32.4	33.5	33.7	33.7	33.8	34.7	35.0	35.0	35.1	3.8	4.0	3.8	32.7	34.0	35.3
19. Other Services	22.3	22.5	22.7	22.9	23.0	23.2	23.4	23.6	23.9	24.1	-3.0	1.3	3.9	22.8	23.1	24.0
20. Structures	6.0	5.7	5.8	5.7	5.9	5.9	6.0	6.1	6.1	6.2	-11.8	-1.7	5.1	6.0	5.9	6.2
21. Transfer Payments	312.8	326.9	332.8	333.9	338.1	344.5	345.7	346.2	350.5	359.3	11.3	6.8	4.0	318.9	340.6	354.1
22. Grants-in-Aid to State and Local Governments	85.0	84.2	83.5	82.8	82.0	80.6	80.0	79.3	78.5	77.9	-4.3	-3.0	-3.8	83.9	81.4	78.3
23. Net Interest Paid	82.8	88.9	89.4	88.7	88.0	88.5	89.9	92.9	95.5	98.8	18.5	4.2	9.1	85.2	88.8	96.9
24. Deficit of Government Enterprises	11.6	13.6	13.9	13.1	11.9	12.5	13.2	13.5	13.3	12.8	17.8	-2.3	4.7	13.0	12.7	13.3
25. Federal Surplus	-119.6	-157.2e	-170.7	-155.0	-150.0	-167.3	-163.5	-134.1	-133.4	-132.0	-	-	-	-141.5	-159.0	-132.1
26. Federal Debt Held by Individuals	740.9	781.2	827.4	877.8	893.8	937.9	980.7	1026.0	1038.6	1073.6	11.0	19.7	15.5	770.7	922.6	1065.2
27. Total Government Surplus	-87.5	-123.5e	-136.2	-118.7	-113.4	-130.5	-125.7	-94.2	-92.6	-90.7	-	-	-	109.5	-122.1	-91.2

Table 6.

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Selected Economic Variables of the U.S. Economy for 1982-II through 1984-III

	1982			1983				1984			Percent Change			Annual		
	II	III	IV	I	II	III	IV	I	II	III	81-82	82-83	83-84	1982	1983	1984
Private Economy																
1. Changes in Private Hourly Wage Costs	6.3	6.7	5.2	6.7	6.3	5.9	6.2	8.7	6.2	6.6	7.2	6.2	6.8	-	-	-
2. Change in Output Per Worker Hr.	4.0	4.4	3.6	3.2	1.2	2.8	0.9	2.6	0.8	0.6	0.8	2.9	1.5	-	-	-
3. Change in Implicit Unit Labor Costs	2.2	2.2	1.6	3.4	5.1	3.0	5.3	5.9	5.4	6.0	4.4	3.2	4.2	-	-	-
4. Change in Adjusted Price Deflator	4.5	5.1	4.0	5.6	5.4	5.0	5.1	5.6	5.4	5.2	5.1	5.0	5.3	-	-	-
Prices																
5. Consumer Price Index*	286.8	292.1	293.4	297.2	301.3	305.9	310.4	315.0	319.7	324.4	6.1	5.1	6.1	289.0	303.7	322.1
6. Industrial Commod. (PPI)	310.1	314.7	314.8	318.3	319.2	323.6	328.5	333.7	338.6	343.3	2.9	3.1	5.8	312.8	322.4	341.0
Corporate Economy																
7. After Tax Profit	116.3	119.3	120.5	131.1	139.3	143.3	151.5	156.3	161.1	158.3	-24.4	19.9	13.8	117.8	141.3	160.8
8. Inventory Profits	9.4	11.4	7.2	12.2	15.0	13.0	14.6	16.1	19.7	14.6	-70.8	6.9	21.9	8.1	13.7	16.7
9. Genuine Profits	100.0	103.9	111.5	118.7	124.8	131.0	137.9	142.5	144.1	146.7	-7.6	23.2	14.7	104.0	128.1	146.9
10. Mean Closing - Dow Jones	832.0	851.5	1036.2	1126.2	1174.3	1223.9	1161.9	1206.3	1175.3	1165.2	-4.8	31.9	-0.7	888.2	1171.6	1163.2
11. Mean Closing - NY Composite	65.71	65.46	77.48	87.53	94.29	99.63	93.68	97.42	95.81	97.28	-7.3	36.7	1.8	68.66	93.78	95.50
Financial																
12 Monetary Base	176.6	179.1	182.0	185.0	188.1	191.1	194.8	198.4	201.8	204.9	6.6	6.9	7.2	177.6	189.8	203.5
13. Checkable Deposits	324.2	325.6	336.4	342.1	343.8	347.7	355.9	363.5	365.6	367.3	5.7	6.1	6.0	327.5	347.4	368.1
14. M1	451.8	455.6	468.2	476.2	480.2	486.6	497.3	507.5	512.3	516.5	6.1	6.4	6.4	455.9	485.1	516.0
15. Velocity of M1	6.634	6.679	6.593	6.629	6.702	6.742	6.771	6.799	6.873	6.942	-0.9	1.5	2.5	6.622	6.720	6.889
16. M2	1895.4	1941.4	1979.3	2024.7	2062.1	2105.1	2156.4	2208.4	2245.5	2284.9	9.7	8.9	8.8	1916.9	2087.1	2269.8
17. Velocity of M2	1.581	1.568	1.559	1.559	1.561	1.566	1.562	1.562	1.568	1.569	-4.1	-0.8	0.3	1.575	1.562	1.566
18. Federal Funds	14.51	11.01	8.83	7.96	7.68	8.74	9.23	8.46	8.21	8.46	-26.5	-30.9	1.3	12.15	8.40	8.52
19. Prime Rate	16.50	14.72	11.76	10.83	10.50	10.96	11.05	10.73	10.50	10.50	-12.5	-26.1	-2.4	14.81	10.84	10.58
20. 6 Month T-Bills	12.55	10.38	7.82	7.28	6.97	7.85	8.33	7.96	7.58	7.45	-12.2	-30.6	1.6	10.96	7.61	7.73
21. Seasoned AAA Corp.	14.51	13.75	11.79	11.45	10.96	11.32	11.76	11.42	11.07	10.96	-2.8	-17.6	-1.4	13.77	11.37	11.21
22. Savings Capital S&L	535.1	542.7	547.3	552.8	559.1	568.6	576.9	586.4	594.6	601.9	4.3	4.7	6.0	538.9	564.4	598.4
23. Mortgages Outstanding	513.7	505.1	506.2	509.3	516.2	528.1	537.7	545.5	554.8	561.8	-0.6	2.4	6.8	510.4	522.8	558.5
Miscellaneous																
24. Housing Starts	952	1126	1098	1178	1311	1466	1574	1628	1574	1498	-7.6	34.9	14.1	1024	1382	1577
25. Single Family Starts	606	637	705	773	862	993	1065	1092	1053	996	-10.8	45.1	14.0	636	923	1052
26. Unit Auto Sales	7.50	7.73	7.80	8.36	8.69	8.91	9.05	9.11	9.28	9.46	-9.7	12.8	7.1	7.76	8.75	9.37
27. Civilian Employment	99.74	99.76	99.39	99.76	100.18	100.74	101.28	101.82	102.42	102.96	-0.8	0.8	2.2	99.61	100.49	102.63
28. Unemployment Rate	9.5	9.9	10.5	10.5	10.4	10.3	10.2	10.0	9.8	9.7	27.6	7.2	-5.8	9.7	10.4	9.8
29. Industrial Production Index	139.4	138.0	136.1	138.3	139.8	142.8	145.3	148.0	148.5	148.6	-8.0	2.0	5.3	138.8	141.6	149.1
30. Asset-Consumption Ratio	2.988	2.988	3.118	3.178	3.219	3.233	3.173	3.189	3.171	3.164	1.3	5.6	-1.4	3.034	3.201	3.157

*Changes from CPI-U to CPI-X1 First Quarter 1983

Table 7.1.

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Change in Outlook on Significant Variables

		1982			1983				1984		
		II	III	IV	I	II	III	IV	I	II	III
	Gross National Product										
1.	Available August 1982	3047.4									
2.	Available November 1982	3045.2	3091.4								
3.	Forecast November 1982			3137.0	3207.1	3273.3	3351.2	3423.2	3507.1	3579.3	3643.5
4.	Forecast August 1982		3103.0	3202.3	3288.8	3371.6	3454.3	3536.2	3612.4	3677.5	
5.	Forecast May 1982	3033.5	3125.5	3217.2	3325.6	3405.3	3493.1	3564.5	3617.7		
6.	Forecast February 1982	3074.7	3177.0	3269.6	3360.3	3447.9	3529.2	3619.8			
7.	Forecast November 1981	3111.2	3196.7	3284.3	3364.5	3463.8	3550.0				
8.	Forecast August 1981	3165.4	3249.4	3558.9	3443.2	3520.2					
9.	Forecast May 1981	3265.5	3362.5	3468.8	3552.2						
10.	Forecast February 1981	3262.4	3354.0	3449.6							
11.	Forecast November 1980	3165.2	3245.0								
	Implicit Price Deflator										
12.	Available August 1982	206.35									
13.	Available November 1982	205.98	208.71								
14.	Forecast November 1982			211.35	214.22	217.21	220.08	223.02	225.94	229.15	232.16
15.	Forecast August 1982		209.48	213.54	217.25	220.70	224.01	227.80	231.40	235.00	
16.	Forecast May 1982	204.60	208.05	212.13	215.72	219.09	222.56	226.23	229.45		
17.	Forecast February 1982	206.76	210.52	214.51	218.27	221.54	225.11	229.35			
18.	Forecast November 1981	207.10	210.96	215.36	219.34	223.77	228.27				
19.	Forecast August 1981	206.40	210.47	214.75	218.70	223.19					
20.	Forecast May 1981	208.33	212.49	216.76	220.95						
21.	Forecast February 1981	210.19	214.46	219.23							
22.	Forecast November 1980	212.67	216.41								
	GNP in 1972 Dollars										
23.	Available August 1982	1476.8									
24.	Available November 1982	1478.4	1481.2								
25.	Forecast November 1982			1484.3	1497.1	1507.0	1522.7	1534.9	1552.2	1562.0	1569.4
26.	Forecast August 1982		1481.3	1499.6	1513.8	1527.7	15[illegible]2.0	1552.3	1561.1	1564.9	
27.	Forecast May 1982	1482.7	1502.3	1516.6	1541.6	1554.3	1569.5	1575.6	1576.7		
28.	Forecast February 1982	1487.1	1509.1	1524.2	1539.5	1556.3	1567.8	1578.3			
29.	Forecast November 1981	1502.3	1515.3	1525.0	1533.9	1547.9	1565.2				
30.	Forecast August 1981	1533.6	1543.9	1564.1	1574.4	1577.2					
31.	Forecast May 1981	1567.5	1582.4	1600.3	1607.3						
30.	Forecast February 1981	1552.1	1563.9	1573.5							
33.	Forecast November 1980	1489.0	1499.5								

Table 7.2.

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Change in Outlook on Significant Variables

		1982			1983				1984		
		II	III	IV	I	II	III	IV	I	II	III
	Personal Consumption										
34.	Available August 1982	1950.8									
35.	Available November 1982	1947.8	1989.5								
36.	Forecast November 1982			2027.9	2072.9	2116.4	2156.7	2200.2	2244.1	2289.0	2335.0
37.	Forecast August 1982		1998.1	2046.1	2095.8	2146.5	2199.4	2252.7	2304.9	2355.6	
38.	Forecast May 1982	1975.6	2026.1	2075.9	2127.1	2181.0	2032.3	2282.7	2382.2		
39.	Forecast February 1982	1984.1	2038.8	2089.0	2141.3	2188.4	2241.8	2299.3			
40.	Forecast November 1981	2019.2	2067.8	2117.9	2170.5	2231.3	2292.0				
41.	Forecast August 1981	2021.2	2074.3	2136.4	2192.8	2255.9					
42.	Forecast May 1981	2062.1	2118.0	2178.4	2244.8						
43.	Forecast February 1981	2064.9	2120.9	2180.3							
44.	Forecast November 1980	2034.0	2086.1								
	Gross Private Domestic Investment										
45.	Available August 1982	429.1									
46.	Available November 1982	431.5	438.5								
47.	Forecast November			426.5	443.0	455.1	482.7	498.8	520.5	528.5	531.7
48.	Forecast August 1982		433.0	469.0	484.3	502.1	513.4	527.2	538.8	541.3	
49.	Forecast May 1982	404.7	439.1	463.2	505.7	517.9	534.0	534.2	531.1		
50.	Forecast February 1982	426.9	466.5	492.8	508.8	536.2	544.5	554.4			
51.	Forecast November 1981	437.4	456.9	476.3	493.9	510.8	516.6				
52.	Forecast August 1981	484.2	504.4	534.5	548.6	542.5					
53.	Forecast May 1981	521.6	541.2	568.8	574.9						
54.	Forecast February 1981	518.0	531.3	541.9							
55.	Forecast November 1980	504.3	519.2								
	Government Purchases of Goods and Services										
56.	Available August 1982	631.9									
57.	Available November 1982	630.9	650.2								
58.	Forecast November 1982			669.6	679.4	691.3	704.2	722.6	736.1	749.4	762.6
59.	Forecast August 1982		644.6	665.6	681.7	695.6	711.9	730.2	744.4	759.1	
60.	Forecast May 1982	627.2	640.3	662.3	675.7	688.2	704.8	726.7	741.9		
61.	Forecast February 1982	637.1	651.7	673.0	689.8	708.0	726.7	750.8			
62.	Forecast November 1981	637.4	652.1	673.8	689.8	707.8	726.1				
63.	Forecast August 1981	636.5	652.5	673.0	690.3	707.1					
64.	Forecast May 1981	655.1	671.5	694.9	711.9						
65.	Forecast February 1981	652.5	669.4	693.9							
66.	Forecast November 1980	635.7	649.7								

Table 7.3.

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Change in Outlook on Significant Variables

	1982			1983				1984		
	II	III	IV	I	II	III	IV	I	II	III
Corporate Profits										
67. Available August 1982	167.4e									
68. Available November 1982	155.4	161.1e								
69. Forecast November 1982			168.6	183.3	192.4	201.1	211.9	218.8	222.4	224.3
70. Forecast August 1982		168.8	181.4	189.8	204.2	206.1	208.3	212.6	213.1	
71. Forecast May 1982	146.1	162.2	174.1	190.0	200.2	209.5	212.4	201.4		
72. Forecast February 1982	165.5	180.3	189.2	200.9	211.8	223.8	230.7			
73. Forecast November 1981	166.6	172.2	182.1	193.0	203.6	211.2				
74. Forecast August 1981	193.1	201.1	212.5	215.6	216.5					
75. Forecast May 1981	219.5	227.6	239.0	244.3						
76. Forecast February 1981	225.4	231.2	235.7							
77. Forecast November 1980	230.2	234.1								
Disposable Personal Income										
78. Available August 1982	2151.9									
79. Available November 1982	2151.5	2202.3								
80. Forecast November 1982			2228.9	2260.8	2301.3	2363.6	2405.1	2436.0	2485.3	2529.4
81. Forecast August 1982		2225.0	2274.6	2311.2	2351.5	2432.6	2480.8	2523.6	2568.6	
82. Forecast May 1982	2148.9	2229.2	2279.6	2323.6	2366.2	2449.8	2497.7	2535.8		
83. Forecast February 1982	2141.4	2227.6	2276.0	2320.4	2364.6	2453.0	2504.0			
84. Forecast November 1981	2170.5	2255.4	2301.3	2342.0	2388.2	2462.6				
85. Forecast August 1981	2181.2	2269.2	2323.6	2364.7	2409.3					
86. Forecast May 1981	2224.9	2290.0	2342.9	2418.2						
87. Forecast February 1981	2268.1	2334.1	2388.2							
88. Forecast November 1980	2214.1	2278.8								
Personal Savings										
89. Available August 1982	142.0									
90. Available November 1982	144.3	153.0								
91. Forecast November 1982			140.5	126.9	123.2	144.5	141.5	127.6	131.0	128.2
92. Forecast August 1982		167.2	168.1	154.4	143.1	170.5	164.4	154.2	147.8	
93. Forecast May 1982	120.6	149.8	149.4	151.4	129.0	160.4	156.9	168.7		
94. Forecast February 1982	104.2	134.5	131.0	122.1	118.1	151.9	143.9			
95. Forecast November 1981	96.7	132.0	126.6	113.9	97.6	110.2				
96. Forecast August 1981	108.1	141.9	133.1	117.1	97.7					
97. Forecast May 1981	108.2	116.3	107.2	115.5						
98. Forecast February 1981	145.3	159.3	153.1							
99. Forecast November 1980	132.4	143.7								

Table 7.4.

Change in Outlook on Significant Variables

		1982			1983				1984		
		II	III	IV	I	II	III	IV	I	II	III
	Federal Government Receipts										
100.	Available August 1982	616.2e									
101.	Available November 1982	617.0	614.0e								
102.	Forecast November 1982			620.8	638.2	648.6	642.5	658.8	697.1	708.4	725.3
103.	Forecast August 1982		602.3	624.0	659.1	675.7	665.2	683.8	706.3	718.1	
104.	Forecast May 1982	615.5	613.9	635.4	660.0	677.0	668.6	686.0	705.3		
105.	Forecast February 1982	645.0	637.2	657.0	683.9	701.7	690.2	710.3			
106.	Forecast November 1981	655.2	644.1	663.0	689.2	711.2	698.2				
107.	Forecast August 1981	672.0	660.9	684.9	707.7	727.9					
108.	Forecast May 1981	689.7	711.9	738.3	729.6						
109.	Forecast February 1981	650.8	673.5	694.1							
110.	Forecast November 1980	642.2	664.1								
	Federal Government Expenditures										
111.	Available August 1982	733.0									
112.	Available November 1982	736.6	771.2								
113.	Forecast November 1982			791.5	793.2	798.6	809.8	322.3	831.2	841.8	857.3
114.	Forecast August 1982		757.2	774.2	784.3	794.0	813.6	825.9	834.4	847.3	
115.	Forecast May 1982	738.1	758.2	776.7	785.0	793.6	813.5	832.4	843.4		
116.	Forecast February 1982	733.1	757.1	776.4	788.7	799.7	824.1	841.7			
117.	Forecast November 1981	732.8	755.6	766.8	774.2	786.7	810.5				
118.	Forecast August 1981	721.4	744.4	754.0	762.9	773.3					
119.	Forecast May 1981	722.4	746.8	757.1	766.4						
120.	Forecast February 1981	735.0	764.9	784.8							
121.	Forecast November 1980	715.4	739.6								
	Surplus for ALL Governments										
122.	Available August 1982	-86.8e									
123.	Available November 1982	-87.5	-123.5e								
124.	Forecast November 1982			-136.2	-118.7	-113.4	-130.5	-125.7	-94.2	-92.6	-90.7
125.	Forecast August 1982		-122.7	-114.2	-87.3	-79.1	-107.6	-99.5	-84.2	-85.2	
126.	Forecast May 1982	-87.3	-105.0	-98.2	-79.7	-69.3	-96.4	-96.0	-89.3		
127.	Forecast February 1982	-54.5	-82.2	-79.4	-63.4	-55.0	-89.8	-84.8			
128.	Forecast November 1981	-45.0	-78.7	-72.6	-53.7	-43.1	-80.7				
129.	Forecast August 1981	-17.9	-51.5	-35.9	-21.8	-11.1					
130.	Forecast May 1981	1.1	-1.6	15.6	-0.2						
131.	Forecast February 1981	-43.7	-50.6	-49.6							
132.	Forecast November 1980	-38.2	-38.0								

Table 7.5.

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Change in Outlook on Significant Variables

		1982			1983				1984		
		II	III	IV	I	II	III	IV	I	II	III
	Consumer Price Index										
133.	Actual	286.8	292.1								
134.	Forecast November 1982			293.4	297.2	301.3	305.9	310.4	315.0	319.7	324.4
135.	Forecast August 1982		292.6	297.6	301.9	306.0	310.5	315.4	321.0	326.1	
136.	Forecast May 1982	285.4	289.7	294.4	298.7	303.2	307.9	312.8	318.0		
137.	Forecast February 1982	286.8	292.7	298.9	303.6	308.3	313.8	319.9			
138.	Forecast November 1981	292.5	297.6	303.2	309.4	316.7	323.7				
139.	Forecast August 1981	290.5	295.7	301.7	307.6	314.3					
140.	Forecast May 1981	295.1	300.6	306.9	314.7						
141.	Forecast February 1981	298.9	305.8	313.0							
142.	Forecast November 1980	295.5	301.0								
	After Tax Profits										
143.	Available August 1982	121.6e									
144.	Available Novmeber 1982	116.3	119.3e								
145.	Forecast November 1982			120.5	131.1	139.3	143.3	151.5	156.3	161.1	158.3
146.	Forecast August 1982		127.4	139.2	136.3	143.2	148.5	148.6	150.1	151.7	
147.	Forecast May 1982	105.4	123.0	136.4	146.0	154.8	163.1	167.7	159.9		
148.	Forecast February 1982	134.3	145.5	153.1	158.9	167.2	173.5	179.6			
149.	Forecast November 1981	129.4	137.2	145.1	150.3	161.5	166.7				
150.	Forecast August 1981	141.7	150.4	157.3	154.8	162.6					
151.	Forecast May 1981	168.1	175.0	181.6	181.6						
152.	Forecast February 1981	172.0	177.0	178.9							
153.	Forecast November 1980	164.5	171.2								
	Mean Dow-Jones Closing Average										
154.	Actual	832.0	851.5								
155.	Forecast November 1982			1036.2	1126.2	1174.3	1223.9	1161.9	1206.3	1175.3	1165.2
156.	Forecast August 1982		814.3	864.1	957.7	1030.0	1033.7	1031.5	1094.7	1046.3	
157.	Forecast May 1982	876.5	874.6	985.3	1054.8	1103.2	1181.1	1191.5	1148.6		
158.	Forecast February 1982	878.6	913.2	865.3	928.0	969.4	1046.7	1098.6			
159.	Forecast November 1981	924.6	935.2	949.1	1048.9	1097.5	1121.0				
160.	Forecast August 1981	1064.7	1095.3	1101.7	1152.7	1155.6					
161.	Forecast May 1981	1137.7	1249.0	1225.4	1247.2						
162.	Forecast February 1981	1160.3	1182.8	1116.4							
163.	Forecast November 1980	1157.9	1120.2								

Table 7.6.

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Change in Outlook on Significant Variables

		1982			1983				1984		
		II	III	IV	I	II	III	IV	I	II	III
	Treasury Bill Rate										
164.	Actual	12.55	10.38								
165.	Forecast November 1982			7.82	7.28	6.97	7.85	8.33	7.96	7.58	7.45
166.	Forecast August 1982		11.42	12.13	11.69	11.14	11.48	10.95	10.21	9.76	
167.	Forecast May 1982	12.53	13.42	11.96	11.73	11.55	11.07	10.65	10.93		
168.	Forecast February 1982	12.14	13.92	14.82	12.93	13.72	12.62	12.41			
169.	Forecast November 1981	11.89	13.15	14.02	13.11	13.43	13.65				
170.	Forecast August 1981	12.85	13.78	14.02	13.61	12.76					
171.	Forecast May 1981	11.16	10.27	10.51	11.39						
172.	Forecast February 1981	13.06	12.86	13.05							
173.	Forecast November 1980	11.04	12.41								
	Housing Starts										
174.	Actual	952	1126								
175.	Forecast November 1982			1098	1178	1311	1466	1574	1628	1574	1498
176.	Forecast August 1982		1008	1125	1173	1236	1335	1393	1405	1373	
177.	Forecast May 1982	909	1063	1239	1314	1388	1377	1366	1366		
178.	Forecast February 1982	1093	1199	1354	1502	1311	1295	1427			
179.	Forecast November 1981	1140	1241	1388	1447	1436	1421				
180.	Forecast August 1981	1414	1566	1522	1513	1499					
181.	Forecast May 1981	1615	1659	1658	1500						
182.	Forecast February 1981	1526	1705	1612							
183.	Forecast November 1980	1877	1849								
	Unemployment Rate										
184.	Actual	9.5	9.9								
185.	Forecast November 1982			10.5	10.5	10.4	10.3	10.2	10.0	9.8	9.7
186.	Forecast August 1982		9.8	9.8	9.6	9.4	9.1	9.0	8.7	8.7	
187.	Forecast May 1982	9.5	9.5	9.3	9.2	9.0	8.9	8.8	8.5		
188.	Forecast February 1982	9.4	9.3	9.3	9.0	8.7	8.6	8.5			
189.	Forecast November 1981	8.5	8.5	8.4	8.4	8.4	8.3				
190.	Forecast August 1981	7.9	7.8	7.6	7.5	7.6					
191.	Forecast May 1981	7.0	6.9	6.8	6.6						
192.	Forecast February 1981	7.4	7.3	7.2							
193.	Forecast November 1980	7.5	7.3								

Table 7.7.

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Change in Outlook on Significant Variables

		1982			1983				1984		
		II	III	IV	I	II	III	IV	I	II	III
	Civilian Employment										
194.	Actual	99.74	99.76								
195.	Forecast November 1982			99.39	99.76	100.18	100.74	101.28	101.82	102.42	102.96
196.	Forecast August 1982		99.88	100.23	100.76	101.48	102.27	102.92	103.57	104.19	
197.	Forecast May 1982	99.32	99.74	100.28	100.89	101.43	101.92	102.32	102.75		
	Money Supply										
198.	Actual	451.8	455.6								
199.	Forecast November 1982			468.2	476.2	480.2	486.6	497.3	507.5	512.3	516.5
200.	Forecast August 1982		454.0	463.5	471.7	478.0	485.2	492.6	499.6	500.3	
201.	Forecast May 1982	454.9	458.3	464.2	470.4	475.0	481.2	487.4	491.6		
202.	Forecast February 1982	449.6	458.3	463.9	469.7	475.2	481.4	487.8			
203.	Forecast November 1981	449.8	455.2	462.8	468.1	475.8	481.2				
204.	Forecast August 1981	455.5	464.6	469.0	476.3	483.0					
205.	Forecast May 1981	459.1	467.9	478.7	482.1						
206.	Forecast February 1981	460.2	467.8	476.1							
207.	Forecast November 1980	465.3	473.2								
	Industrial Production										
208.	Actual	139.4	138.0								
209.	Forecast November 1982			136.1	138.3	139.8	142.8	145.3	148.0	148.5	148.6
210.	Forecast August 1982		138.5	141.6	143.9	146.2	148.3	150.6	150.1	149.4	
211.	Forecast May 1982	141.0	145.4	147.6	151.9	153.4	155.1	155.3	154.7		
212.	Forecast February 1982	142.2	147.4	150.4	152.9	155.4	156.4	157.3			
213.	Forecast November 1981	150.3	152.0	153.5	153.9	156.3	156.0				
214.	Forecast August 1981	154.5	155.7	158.8	160.1	159.5					
215.	Forecast May 1981	160.9	163.0	166.2	165.6						
216.	Forecast February 1981	164.8	166.5	167.6							
217.	Forecast November 1980	151.8	153.0								
	Seasoned Aaa Corporate Bonds										
218.	Actual	14.51	13.75								
219.	Forecast November 1982			11.79	11.45	10.96	11.32	11.76	11.42	11.07	10.96
220.	Forecast August 1982		14.47	14.76	14.21	13.93	14.15	14.23	13.69	13.39	
221.	Forecast May 1982	14.37	14.88	13.94	13.76	13.38	12.99	12.78	13.01		
222.	Forecast February 1982	14.96	15.41	15.65	15.25	15.37	15.02	14.78			
223.	Forecast November 1981	14.41	14.62	15.01	14.43	14.45	14.76				
224.	Forecast August 1981	13.66	13.82	14.11	13.95	13.80					
225.	Forecast May 1981	12.96	12.59	12.75	12.91						
226.	Forecast February 1981	12.71	12.61	12.78							
227.	Forecast November 1980	11.78	12.23								

Table 8

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

U.S. Foreign Trade Accounts

	1982	1983	1984	Percent Change 81-82	Percent Change 82-83	Percent Change 83-84
Exports of U.S. Merchandise	216340	213479	232641	-7.5	-1.3	9.0
Food & Live Animals	23945	23615	26811	-21.0	-1.4	13.5
Beverages & Tobacco	2840	2640	2840	-2.6	-7.0	7.6
Crude Materials	19828	20965	23518	-5.5	5.7	12.2
Mineral Fuels	13564	13135	14581	32.0	-3.2	11.0
Animal & Vegetable Oils	1649	1743	1812	-7.8	5.7	4.0
Chemicals	20180	20803	23469	-4.8	3.0	12.8
Manufactured Goods	16943	15423	17507	-17.9	-9.0	13.5
Machinery, Trans. Equipment	88642	84278	87444	-7.4	-5.0	3.8
Miscellaneous Manufacturing	16349	17433	19525	-2.4	6.6	12.0
Commodities, n.e.c.	6749	7409	7965	19.5	9.8	7.5
Re-exports	5650	6038	7199	18.3	6.9	19.2
Imports of U.S. Merchandise	248795	264639	286532	-4.7	6.4	8.3
Food & Live Animals	14481	16340	17501	-4.8	12.8	7.1
Beverages & Tobacco	3511	4053	4339	11.9	15.4	7.1
Crude Materials	8649	9764	12391	-21.6	12.9	26.9
Mineral Fuels	66064	67456	68065	-18.8	2.1	0.9
Animal & Vegetable Oils	401	375	450	-16.3	-6.5	20.0
Chemicals	9990	13108	15310	7.2	31.2	16.8
Manufactured Goods	34137	34520	39872	-8.3	1.1	15.5
Machinery, Trans. Equip.	74890	78143	83727	7.5	4.3	7.1
Misc. Manufacturing	28872	32675	36076	10.0	13.2	10.4
Commodities, n.e.c.	7801	8206	8835	7.1	5.2	7.7
Balance of Payments Accounts						
Total Exports	361642	373950	413258	-3.0	3.4	10.5
Merchandise	216274	213400	232644	-8.5	-1.3	9.0
Reinvestment	4826	8643	14363	-62.8	79.1	66.2
Other Investment	86436	96138	106235	18.5	11.2	10.5
Other Goods & Services	54257	55770	60137	7.0	2.8	7.8
Total Imports	357502	384765	422032	-1.2	7.6	9.7
Merchandise	250156	265700	287636	-5.3	6.2	8.3
Reinvestment	2151	2568	4079	-47.5	19.4	58.8
Other Investment	58514	66435	76948	19.9	13.5	15.8
Other Goods & Services	46679	50138	53507	4.3	7.4	6.7
Current Account Balance	-2964	-17990	-15429	-	-	-

Table 9.

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Implicit Price Deflators For Personal Consumption Expenditures

	1982			1983				1984			Percent Change			Annual		
	II	III	IV	I	II	III	IV	I	II	III	81-82	82-83	83-84	1982	1983	1984
Durable Goods	174.0	175.8	177.4	179.1	181.0	182.7	184.2	185.7	187.6	189.3	4.5	3.8	3.6	175.1	181.8	188.4
% Change	2.3	4.2	3.7	3.9	4.3	3.7	3.3	3.2	4.2	3.6						
Automobiles	189.8	192.8	194.5	195.9	198.0	200.1	201.3	203.1	205.3	207.5	5.2	3.9	3.7	191.3	198.8	206.2
% Change	3.9	6.5	3.6	3.0	4.3	4.3	2.5	3.6	4.5	4.3						
Furniture	156.8	157.4	158.6	159.9	161.5	162.5	164.0	165.2	166.9	168.4	3.6	3.1	3.5	157.1	162.0	167.6
% Change	2.9	1.5	3.0	3.2	4.3	2.5	3.7	3.0	4.2	3.6						
Other Durables	180.7	182.9	184.8	186.5	187.6	189.1	190.7	192.4	194.1	195.5	3.9	3.3	3.3	182.4	188.5	194.8
% Change	-1.1	5.0	4.3	3.7	2.5	3.1	3.5	3.7	3.5	3.0						
Nondurables	207.1	210.1	211.9	214.4	216.9	219.2	221.4	224.0	226.9	229.5	3.1	4.3	4.6	209.0	218.0	228.1
% Change	0.6	5.8	3.5	4.8	4.7	4.3	4.1	4.9	5.2	4.6						
Food	215.8	217.0	219.1	222.5	225.9	228.8	231.4	234.0	237.6	240.2	4.5	5.0	5.1	216.3	227.2	238.7
% Change	4.6	2.2	3.9	6.3	6.3	5.1	4.7	4.6	6.2	4.5						
Apparel	140.8	141.9	142.5	143.3	144.2	145.7	146.7	147.8	148.9	150.3	2.1	2.5	3.2	141.4	145.0	149.6
% Change	1.7	3.2	1.7	2.3	2.5	4.3	2.8	3.1	2.9	3.8						
Gasoline & Oil	335.9	355.7	358.0	362.6	359.2	363.4	368.7	375.3	377.7	383.7	-6.2	2.9	5.0	353.4	363.5	381.5
% Change	-27.4	25.7	2.6	5.3	-3.7	4.8	5.9	7.3	2.6	6.5						
Fuel Oil	544.1	560.2	570.6	584.5	588.4	597.7	606.9	624.2	635.7	650.3	-1.9	6.0	8.1	560.9	594.4	642.6
% Change	-16.1	12.4	7.6	10.1	2.7	6.5	6.3	11.9	7.6	95						
Other Nondurables	198.5	201.3	204.0	206.6	209.6	212.3	214.9	217.4	220.2	223.0	7.7	5.7	5.1	199.6	210.9	221.6
% Change	8.3	5.8	5.5	5.2	5.9	5.2	5.0	4.8	5.1	5.3						
Services	210.6	215.1	218.9	222.5	226.1	230.1	234.2	238.2	242.2	246.4	8.5	7.1	7.1	213.0	228.2	244.4
% Change	6.2	9.0	7.2	6.8	6.6	7.3	7.2	7.1	6.9	7.2						
Housing	193.9	198.1	201.5	204.7	208.3	211.9	215.5	219.0	222.8	226.6	8.0	7.1	6.9	196.2	210.1	224.7
% Change	6.0	8.9	7.1	6.5	7.2	7.1	7.0	6.7	7.0	7.1						
Electricity & Gas	300.9	309.8	318.5	326.4	334.6	344.3	353.3	361.2	369.0	379.4	12.8	11.1	10.3	305.7	339.7	374.7
% Change	10.6	12.4	11.8	10.3	10.5	12.1	10.8	9.3	8.9	11.7						
Household Operations	173.4	175.9	177.9	180.4	183.3	185.5	187.8	190.7	193.9	196.4	8.9	5.7	5.8	174.4	184.3	195.0
% Change	7.5	5.9	4.6	5.8	6.5	4.9	5.1	6.4	6.9	5.2						
Transportation	213.7	216.6	219.8	223.7	226.8	230.4	233.9	237.3	240.9	244.4	6.5	6.4	6.1	215.0	228.7	242.7
% Change	7.9	5.5	6.0	7.3	5.7	6.5	6.2	5.9	6.2	6.0						
Other Services	220.6	225.9	229.5	232.7	236.2	240.4	244.6	248.8	252.9	257.2	8.5	6.8	7.0	223.3	238.5	255.1
% Change	6.4	10.0	6.5	5.7	6.2	7.3	7.2	7.0	6.8	7.0						
Personal Consumption Expenditures	204.0	207.6	210.3	213.2	216.0	219.0	222.0	225.1	228.3	231.5	5.9	5.6	5.7	206.0	217.6	229.9
% Change	3.5	7.3	5.3	5.5	5.4	5.8	5.6	5.8	5.9	5.7						
Consumer Price Index*	286.8	292.1	293.4	297.2	301.3	305.9	310.4	315.0	319.7	324.4	6.1	5.1	6.1	289.0	303.7	322.1
% Change	4.6	7.6	1.8	5.3	5.7	6.2	6.0	6.0	6.2	6.0						

*Changes from CPI-U to CPI-X1 in the First Quarter 1983

Table 10.

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Implicit Price Indices With Annual Percentage Changes

	1982			1983				1984			Percent Change			Annual		
	II	III	IV	I	II	III	IV	I	II	III	81-82	82-83	83-84	1982	1983	1984
GNP Deflator	205.98	208.71	211.35	214.22	217.21	220.08	223.02	225.94	229.15	232.16	6.1	5.4	5.5	207.43	218.63	230.63
% Change	4.6	5.4	5.1	5.5	5.7	5.4	5.5	5.3	5.8	5.4						
Personal Cons. Exp.	204.0	207.6	210.3	213.2	216.0	219.0	222.0	225.1	228.3	231.5	5.9	5.6	5.7	206.0	217.6	229.9
% Change	3.5	7.3	5.3	5.5	5.4	5.8	5.6	5.8	5.9	5.7						
Private Domestic Investment	213.3	217.0	216.4	219.5	222.4	225.0	227.8	229.4	232.1	233.9	7.5	4.1	4.2	214.8	223.7	233.1
	1.9	7.1	-1.1	5.9	5.5	4.8	5.0	2.8	4.8	3.2						
Nonresidential Structures	267.6	267.8	268.6	270.9	273.4	275.6	277.8	280.3	283.0	285.9	6.2	2.7	3.6	267.1	274.4	284.3
% Change	4.7	0.3	1.2	3.5	3.7	3.2	3.3	3.6	4.0	4.1						
Producers' Durables	184.6	185.3	186.5	187.3	188.9	189.9	191.1	192.5	194.0	195.8	2.7	2.5	2.9	184.6	189.3	194.8
% Change	6.0	1.5	2.7	1.7	3.5	2.2	2.5	2.9	3.3	3.6						
Residential Structures	238.6	240.6	242.9	246.2	250.1	253.7	257.1	260.4	263.7	266.7	3.0	4.7	5.4	240.6	251.8	265.3
% Change	-3.1	3.5	3.9	5.6	6.5	5.8	5.5	5.3	5.1	4.6						
Exports	236.8	237.4	237.8	240.0	243.1	245.8	248.9	252.1	256.4	260.0	2.4	3.0	5.5	237.3	244.5	257.9
% Change	-0.8	1.0	0.7	3.7	5.3	4.5	5.1	5.3	6.9	5.8						
Imports	278.8	287.4	286.2	288.5	291.2	295.7	300.7	305.5	310.5	314.8	-2.9	3.3	6.4	284.7	294.0	312.7
%Change	-10.2	13.0	-1.6	3.2	3.9	6.3	6.9	6.5	6.8	5.6						
Federal	221.6	223.3	229.3	231.4	234.1	236.2	241.2	243.9	246.6	249.2	7.6	5.6	5.4	223.1	235.7	248.5
% Change	6.1	3.2	11.1	3.8	4.8	3.7	8.5	4.6	4.4	4.3						
Federal Purchases	240.3	241.7	242.8	245.7	250.0	253.2	256.2	259.5	263.5	267.6	6.3	4.8	5.6	239.6	251.3	265.3
% Change	11.8	2.3	1.8	4.9	7.2	5.3	4.7	5.2	6.3	6.5						
Federal Value Added	198.6	199.1	210.4	211.6	212.0	212.2	219.8	221.4	221.6	222.0	8.6	6.1	4.6	201.6	213.9	223.7
% Change	0.8	1.0	24.8	2.4	0.8	0.4	15.1	2.9	0.4	0.7						
State & Local	220.9	224.7	228.0	231.9	236.0	240.0	243.9	247.8	251.9	256.3	7.0	6.8	6.8	222.8	238.0	254.1
% Change	6.3	7.1	6.1	7.1	7.2	7.0	6.7	6.5	6.8	7.1						
State & Local Purchases	239.1	242.4	244.6	248.0	251.7	255.4	259.3	263.5	267.6	271.7	5.6	5.3	6.3	240.8	253.6	269.7
% Change	3.5	5.7	3.6	5.6	6.2	6.0	6.3	6.5	6.3	6.3						
State & Local Value Added	209.0	213.2	217.2	221.3	225.4	229.6	233.6	237.1	241.4	245.7	8.3	7.8	7.0	211.1	227.5	243.5
% Change	8.2	8.3	7.7	7.7	7.7	7.7	7.1	6.1	7.4	7.3						

The Georgia State University Economic Forecasting Project collects data, engages in analysis of macro-economic systems, and develops procedures that aid in the creation of econometric descriptions of the national, regional, and local economies. Our research is sponsored by the Georgia State University College of Business Administration and receives financial support from the following organizations:

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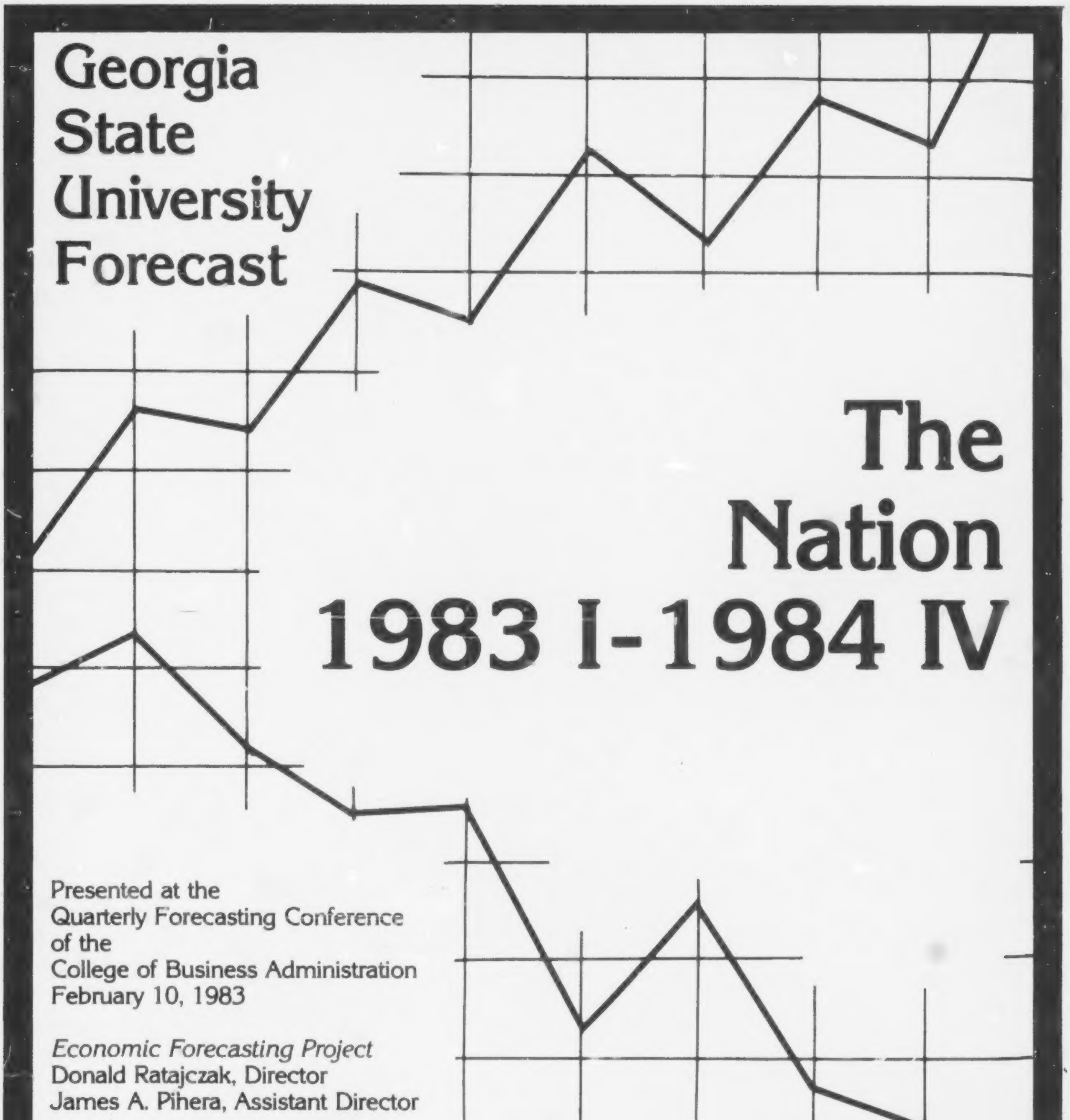

Georgia State University Forecast

The Nation
1983 I-1984 IV

Presented at the
Quarterly Forecasting Conference
of the
College of Business Administration
February 10, 1983

Economic Forecasting Project
Donald Ratajczak, Director
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February 11, 1983

Gentlemen:

Enclosed is the latest forecast of national economic conditions prepared by the Economic Forecasting Project at Georgia State University.

Our indicators suggest that a significant rebound in production currently is developing in order to restock depleted inventories. This inventory swing is expected to generate about six months of economic growth at a 5% annual rate. Inflation is not expected to rise significantly in the first half of this year, as disinflationary forces worldwide, as reflected in agricultural and petroleum prices, are subduing reflationary pressures generated in the metals and building industries. (However, the implicit construction deflator increased at a 20% annual rate in the latest two months.) This more vigorous than anticipated initial rebound in economic activity is expected to have some adverse affects upon credit market conditions. Interest rates are not expected to show any downward tendencies until late in 1982.

Our analysis also suggests that whether deficits matter must depend upon fiananing conditions that prevail in the private economy. When inventory liquidations, reduced investment, and increased savings, which normally accompany recessions, sharply reduce financial needs in the private sector, increased government deficits can be financed with no upward pressures upon interest rates and with no inflationary fallout. During economic recoveries, however, large government deficits no longer can be ignored. Moreover, conventional economic theory, which maintains that deficits increase the wealth holdings of households, appears to be faulty. Large deficits create portfolio dislocations that lead to higher interest rates than otherwise would prevail and to a reduction in the interest sensitive portions of the economies without creating substantial offsetting expansions in consumer activity. If this analysis is correct, the durability of the developing economic recovery depends upon whether financial constraints related to imbalances between investment and government borrowings on the one hand and savings on the other hand can be modified.

If you have any questions concerning this forecast or this commentary, please feel free to forward them to me.

Sincerely,

Don Ratajczak

Don Ratajczak
Director
Economic Forecasting Project

MODERATE 1983 RECOVERY STILL TOO UNBALANCED
TO INSURE SIGNIFICANT LONGEVITY

Dr. Donald Ratajczak, Director
Economic Forecasting Project
Georgia State University

COMMENTARY

Consumers began to increase their purchases during Christmas week in response to substantial retail promotions. Strong activity after seasonal adjustment continued through January, although some faltering in consumer purchases surfaced late in the month. Temporary spurts of consumer activity have been observed throughout the 1982 recession. After weather eliminated several shopping days in January, a brief consumer boom, also aided by automobile promotions, surfaced in February. Another auto promotion spurt developed in May of 1982. A third strengthening of consumer activity developed in July 1982, although that modest rebound appears to have been stimulated more by a recovery from especially poor June sales related to dreary weather conditions than to the change in withholding rates that occurred in July. None of these consumer spurts were sustained and none of them led to economic recovery, although the July increase was initially heralded as signalling an upturn. Once again a consumer spurt is being heralded as the beginning of an economic advance. This time, however, it appears that the recession ended in December.

Several factors suggest that the economy indeed is in the early phases of recovery. First and foremost is the degree of inventory liquidations that preceded the latest consumer response. Business inventories fell at a record 1.1% rate in November and may also do so in December. Certainly, manufacturing inventories in December fell even more sharply than in the previous month. In previous consumer surges, inventory liquidations were not well advanced. Indeed, automobile inventories previously were excessive, requiring promotions in all earlier consumer spurts. A need for inventory restocking has already created significant gains in some sensitive industrial prices. Steel production has moved from depression related lows of 28% capability in the middle of December to production levels in excess of 40% of capability late in January. Initial unemployment claims continue to plunge. The latest weekly figures (at 465,000) no longer are at recessionary levels. Thus, several months of improving employment opportunities, extended workweeks, and improving production data are necessary merely to bring inventories into line with this modest increase in consumer activity.

Second, economic policy variables currently are favoring sustained growth. The most significant factor is the rapid expansion in monetary aggregates that began in October. Although currency demand did not accelerate until December, all monetary aggregates appear to be growing very rapidly at the present time. Initially, this change in monetary activity encouraged a reduction in interest rates. In recent weeks, however, long-term interest rates have been drifting upward, suggesting that further expansion of monetary aggregates might incite increased inflationary expectations. Fiscal policy also is favorable. The 1983 tax cuts already have lowered tax liabilities for all income earned, although withholding rates will not be adjusted until July. Unfortunately, recent Congressional statements that the 1983 tax cut might be rescinded have generated some uncertainty and may be responsible for the slowing in consumer activity that has reappeared late in January. As mentioned in previous analysis, changes in tax liabilities are much more significant in altering consumer behavior than changes in tax payments. The 1983 tax reductions already have altered tax liabilities unless they are rescinded. In July, only the gap between liabilities and payments will be altered. In 1982, consumer activity responded early in the year to the changed tax climate and showed little further response to changes in tax payments in July. A similar pattern certainly should be anticipated in 1983. Policy instruments currently are encouraging some improvement in final demand.

Third, inflation continues to be restrained. Of course, the December CPI was flawed by dramatic reductions in mortgage interest costs. This problem with changing mortgage rates will be substantially reduced in subsequent official CPI announcements, as rental equivalence rather than the financing of new homes will dictate the housing portion of the CPI. If that measure had officially been used in December, consumer prices would have increased 0.3% instead of declining 0.3%. This shift in the official measure of the CPI will add about 0.7 percentage points to official inflation measures in 1983. (In 1982 the rental equivalence measure would have added 1.1 percentage points to the 3.9% change in consumer prices that was officially recorded.) Despite the change in official measures, which will be raising estimates of inflationary pressures, the consumer is expected to see few price increases during the winter months. Indeed, some increases in inflationary pressures in sensitive industrial materials are being offset by continuing disinflationary forces in the world economy. These latter pressures are leading to declining prices for petroleum based energy and continued price moderation for agricultural products. As a result, the accelerating inflationary pressures that some bond traders feel is a result of high money growth, and the increasing prices for building materials and metals will not be noticeable to consumers. The temporary acceleration of inflationary pressures last spring helped to abort the recovery that seemed to be developing in July. By constrast, this moderation in consumer price increases will help sustain consumer spending early in 1983. (The personal consumption expenditures deflator, which grew at a modest 4.9% annual rate in the fourth quarter, is expected to actually slow slightly to a 4.4% gain in the winter, largely because of substantial declines in petroleum based product prices.)

Unfortunately, not all economic conditions are favorable for sustained economic expansion. During the fourth quarter the gap between final sales (a gain after inflation of 3.2%) and total economic activity (a decline in real terms of 2.5% at annual rates) has insured a vigorous advance in goods production during the first half of 1983. Shifts in inventory investment alone will add more than a percentage point to real GNP in 1983, and most of that will be concentrated in the first six months. By itself, such swings in inventories normally lead to higher employment and earnings, sharply improved corporate profits, and higher government receipts. Deficits normally shrink even as retained earnings rise and households meet their improving consumption desires with increased real purchasing power. As a result, a vigorous rebound in inventories usually is amplified by improving consumer activity and some strengthening of other corporate spending without exciting any significant gains in long-term interest rates and only a brief flurry in short-term interest pressures.

However, government deficits are not receding. In addition, increased incomes flowing to households may be totally exhausted by meeting modest increases in the replacement demand for consumer durables. As a result, the household sector is not expected to add to its savings early in this economic recovery. Furthermore, the magnitude of the swing in inventory investments will be sufficient to exhaust most of the improved corporate earnings while financing inventory restocking. Therefore, interest rates will show little tendency to decline in the early phases of this economic recovery. Real GNP is likely to grow at a 5% annual rate in the first six months of 1983. This is not the weak initial stage of recovery that most investors had anticipated when they presumed that interest rates could continue to decline in the first half of 1983.

The financial constraints that were largely responsible for creating recessionary pressures in an economy that had failed to reach physical limitations remain very much in place. To be sure, physical limitations upon economic expansion are so far away from current economic activity that they cannot be slowing activity for several years. Yet, how much nonresidential construction can be supported when current capacity already is excessive and real interest rates are far beyond levels that persisted throughout the previous decade? How rapidly will the desired stock of consumer capital grow if the current high real costs of borrowing persist? Of course, one way to insure sustained economic expansion is to reignite inflationary forces. This will lower the real rates of interest and reduce the economic dislocations created by government deficits. Through that device an economic expansion of significant duration can develop. However, a prolonged recovery that is based upon reflationary policies would mean that the current economic pain and suffering was for naught.

The economy is currently recovering, although policy uncertainties are continuing to preserve the sputtering pattern that developed last year. Inflation should remain relatively subdued through 1983, as continuing disinflationary forces worldwide offset the modest reflationary conditions that are developing domestically. (The implicit construction deflator rose at an 18% annual rate in the last two months of 1982 after showing vitually no growth through the first ten months.) The GNP deflator should slow to a gain of 5.1% in 1983 from 6% in 1982. While declining oil prices should moderate the degree to which trade balances move into a current account deficit, projected current account deficits are in the $25 billion range. This should be sufficient to exert downward pressures upon the value of the dollar in the latter half of 1983, especially if domestic interest rates once again begin drifting downward at that time, as expected. The combined influences of that shift in currency values and a lessening of world disinflationary pressures in 1984 should generate some accelerating inflationary pressures in that year. The Administration outlook for continuing reductions of inflationary pressures after a modest blip in 1983 simply does not conform with realistic assessment of shifting currency and world commodities possibilities.

From the fourth quarter of 1982 through the fourth quarter of 1983, this forecast is substantially more favorable than those promulgated by the Administration and even exceeds estimates by the Congressional Budget Office.

The Administration is looking for a 3.1% increase, CBO is talking about a 4% increase, while the GSU projections show a 4.5% gain. Inflation estimates as measured by the GNP deflator are more comparable, as the GSU projection of a 5.5% gains on the four quarter basis is only slightly lower than the 5.6% gains projected by the Administration.

This forecast differs sharply from consensus in 1984. The critical issue is whether financial constraints will once again restrain economic activity in that year. Currently these restraints should not be sufficient to derail economic recovery, but they should be significant enough to slow economic growth to less than a 4% expansion path late in that year. Of course, the Federal Reserve is assumed once again to pursue disinflationary policies following the current period of uncertainty generated by new financial instruments. If such policy is not pursued, activity will be stronger in 1984 and interest rates temporarily may be slightly lower than originally presented. However, inflationary forces will intensify and long-term interest rates will once again be trending upward late in that year. Single digit prime rates or long-term bond rates are not anticipated during the next two years because financial constraints will be restricting economic expansion.

Nevertheless, significant expansion in corporate profitability and a favorable tax treatment of capital costs, which already has over-adjusted for the problems that inflation inflicted upon capital costs, should initially be favorable to equity values. Certainly, a movement to 1200 in the Dow Jones and 100 on the New York composite index can be sustained under the economic conditions that will prevail in 1983. The degree of uncertainty generated in 1984 may create a less favorable climate for equity values than those presented in this forecast. At the present time, however, equities should remain an especially favorable investment strategy. The after-tax returns from such a strategy in the next twelve months should exceed 20%, far in excess of the 10% gains that may be possible from investments in tax exempt securities.

For Economists Only

If forecasts of 1982 activity can be used as a guide, something is wrong with the theories currently being utilized to analyze economic conditions. Of course, the monetary economists are convinced that the seasonally adjusted pause in money growth between January and June can be blamed for the failure of economic activity to expand in the latter half of the year. Unfortunately, they were encouraging such a slowdown to offset what they perceived to be a surge in money growth the previous fall. They certainly did not forecast that the monetary policies announced and then pursued by the Federal Reserve would generate the results that actually were created. In addition, there is some evidence that the slowing in money growth during the first part of 1982 was more statistical than real. Currency holdings and the monetary base showed no similar slowing. The Federal Reserve's method of estimating seasonal factors by subcomponent certainly is suspect. If each money class truly is a useful and distinct designation, then the monetary aggregates rather than their elements should receive seasonal treatment. This distortion has been especially significant in the treatment of NOW accounts and will now dramatically alter the growth patterns of M2 because of the treatment of money market deposits. (In each case, those new instruments do not have enough history to be seasonally adjusted directly.)

Despite the measurement problems associated with monetary data and the failure of monetarists to anticipate the implications of a well-announced Federal Reserve policy, a monetary explanation appears to be all that remains to explain the sharpest decline in economic activity during a calendar year in the postwar period. What else could explain 1982 behavior? There were no adverse supply shocks. Indeed, the shocks of an agricultural glut and an oil glut are the kinds that stimulate economic expansion. Even the "collision of fiscal and monetary policy" cannot easily explain economic events in 1982. If commodities markets were trying to move forward while monetary markets were reigning them in, would velocity decline by historic magnitudes? Moreover, except for that brief period of nongrowth in checkable deposits early in 1982, the restraining forces of monetary policy are not easy to see. Both the monetary base and the money supply grew about as rapidly in 1982 as in 1981. As inflation slowed by 3 percentage points as measured by the GNP deflator, the magnitude of monetary restraint should have decreased rather than intensified in 1982. In short, 1982 was a year that does not conform easily to accepted macroeconomic theory.

The explanations that are forthcoming create confusion. Many nonmonetarists maintain that exceptionally high deficits led to rising interest rates that restrained the economy. This probably is correct, but it is not what follows from the macroeconomic theory that is currently taught.

Accepted theory probably conforms to the modification of IS-LM analysis presented by Blinder and Solow. In that analysis, deficits, indeed, can raise interest rates. The increased supply of bonds raises the portfolio demand for money. This means that less money is available for nonfinancial transactions. The effective money supply supporting goods and services is reduced. However, the magnitude of this shift cannot be large. The portfolio demand for money depends upon total financial assets. Even the very large government deficits currently being generated are only adding small percentages to that total financial pool. Thus, the reduction in effective money supply should be small.

It is possible that the portfolio demand for money has been grossly underestimated. Certainly, the observed reduction in the velocity of money is consistent with a significant expansion in the portfolio demand for money.

While increases in the portfolio demand for money increase interest rates and reduce economic activity, the increased wealth holdings of consumers that are created by the increased supply of bonds is expected to raise economic activity, although consumption arising from increased wealth also increases interest rates. Some investment certainly is squeezed out as households convert their increased wealth into increased consumer activity. However, the interest responsiveness of investment and consumer durable purchases is expected to be smaller than the consumer response from increased wealth. Thus, tax cuts financed by government deficits should increase interest rates but not by enough to reduce economic activity. That, at least, is what is being taught in the classrooms.

In fact, that thinking appears to be seriously in error. How can an increase in government debt cause the wealth holdings of households to rise? Household wealth is only altered if price changes alter real wealth balances, if the market value of that wealth is altered, or if savings are increased. The household sector ultimately will increase its holdings of government bonds. However, consumption patterns will have no reason to change until interest rates have changed. Furthermore, it is more likely that households will reduce consumption in order to absorb government bonds rather than increase spending because more bonds are in their portfolios. Moreover, prices of other financial instruments already held by households would fall as those instruments are unloaded to absorb government bonds. (These instruments would not diminish, but their market value would fall.) This would have an adverse wealth effect on all previously held financial instruments. In short, increased government bonds do not create increased consumption in response to a wealth effect that is sufficient to offset the adverse effects upon expenditures from rising interest rates. (Reductions in aggregate demand from government deficits can be even more dramatic if one assumes that households view government debt outstanding as a future tax liability to be subtracted from their wealth holdings.)

In conclusion, the massive deficits used to finance government spending may not have been stimulative at all. They may have re-enforced the effects of a reduction in the effective money supply created by the increased quantity of government bonds. Interest rates are high because the portfolio dislocations required to absorb the massive additions of government debt cannot be achieved without significantly reducing the market value of existing instruments.

Does the above commentary indicate that fiscal policy is ineffective? No, it does not. If the private sector is reducing its offerings of financial instruments, the public sector certainly could use deficit financing without generating any significant portfolio dislocations. As the economy is more responsive in the near term to changes in expenditures or taxes than to interest rate movements, such government financing certainly could reduce the economic fallout generated by necessary adjustments in private financing. What is being said, however, is that both taxes and borrowing create economic distortions. The preferred method of financing depends upon conditions in the private sector. Failure to realize this proposition has led to government financing policies that are directly responsible for the degree of economic weakness experienced in the last year.

Assumptions

Because of the late date at which the budget was submitted to the Congress, this February forecast has not been able to incorporate budgetary proposals in as much detail as in previous February presentations. Revenue estimates for the current fiscal year exceed the budget presentation by more than $20 billion. Part of this differential clearly reflects a more vigorous rebound in economic activity during calendar 1983 than the administration anticipates. However, GSU expects higher corporate and indirect business tax receipts than the administration anticipates. Most of this is not the result of different economic environments.

The Social Security proposals are expected to be enacted. In particular, cost of living adjustments will be delayed until the beginning of calendar year 1984, payroll taxes will be increased to 7% for employers and employees beginning in 1984, and the maximum Social Security wage base will be $35,700 in 1983 and $37,500 in 1984. The tax credit on 1984 increased Social Security payments by employees was not expected to be enacted. However, the self-employed were expected to be able to substract half their Social Security payments as a business expense, although they would be required to pay 14% of their wage base in Social Security beginning in 1984. Provisions to add new government employees to the Social Security system were incorporated. The tax on Social Security benefits for those people having taxable incomes in excess of

$20,000 for single individuals and $25,000 for joint households was not incorporated in the forecast.

Details of government budget provisions are contained in the government transfers in Table 4, the federal budget in Table 5, and the monetary provisions in Table 6. A wage freeze was incorporated for all federal government compensation until the fourth quarter of 1984, when a 7% increase was permitted for civilian employees and a 10% increase was estimated for the military. A freeze on farm price supports also was incorporated. In addition the payment in kind program was expected to be successful in reducing the growth of government stockpiles. This is reflected both in government nondefense nondurable purchases and in the deficit of government enterprises. Defense spending was expected to fall $13 billion short of Presidential aspirations in FY1984 while most of the reductions in social programs were incorporated in the analysis.

The world price of oil was assumed to be $32.00 per barrel delivered to the United States in 1983. Developments in world oil markets may provide more favorable conditions than that. No change in world oil prices was expected in 1984.

Excise taxes on cigarettes, telephones, and gasoline were incorporated in their respective sectors.

Summary

Despite some uncertainty over tax liabilities in 1983 that may be having some temporary restraining effects upon consumer spending, the economy appears to be entering a moderate economic recovery as 1983 begins. Inventory restocking may generate expansion in production at a 5% rate of growth through the first six months of the year before activity slows modestly in the latter months. Inflation is being buffeted by two offsetting forces: reflationary monetary policy at home and disinflationary conditions abroad. Thus far, the two forces have been neutralizing each other, leading to a modest slowing of overall inflationary pressures. The GNP deflator is expected to expand 5.1% in 1983 before accelerating to a 5.8% gain in 1984. Official consumer prices are expected to slow to a 4.4% gain in 1983 before reaccelerating to a 6% gain in 1984. Changes in how that index is being measured are as significant in dictating its pattern in those two years as the underlying inflation rate.

The important question is not whether the economic recovery has begun, it has; but whether it can be sustained at a vigorous level through the forecast period. Most of the financial constraints that induced an economic downturn remain in place. As a result, expansion is not expected to be vigorous after the inventory adjustments have been completed. While economic activity is expected to expand 4% in 1984, quarterly growth rates will fall below that level in the year. Because the initial stages of this recovery appear to be slightly more robust than anticipated by investors, interest rates are expected to remain at current levels or even rise slightly during the early months of 1983. A slight downtrend could re-emerge late in 1983. Further declines in interest rates are likely in 1984, although long-term rates are expected to remain in double-digits throughout the period.

The economy has begun to recover and the initial rate of recovery probably will exceed many expectations. However, the financing imbalances created in the government sector remain in place. This suggests that the financial constraints that generated recessionary forces a year ago can easily reappear. Policies leading toward increasing inflation can moderate the impact of those financial constraints. Predictions that the recovery will endure are premature, but, for the moment, an upturn has begun.

Table 1.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

U.S. Expenditures for 1982-III and IV with Forecasts for 1983-I through 1984-IV

		1982		1983				1984				Percent Change			Annual		
		III	IV(P)	I	II	III	IV	I	II	III	IV	81-82	82-83	83-84	1982	1983	1984
1.	Personal Consumption	1986.3	2034.6	2066.5	2106.2	2151.9	2202.4	2246.6	2295.0	2346.5	2398.2	7.0	8.1	8.9	1972.0	2131.8	2321.6
2.	Autos and Parts	104.3	114.1	115.8	121.4	126.0	132.1	134.9	138.7	142.6	147.1	7.7	11.6	13.7	106.2	123.8	140.8
3.	Other Durable Goods	136.0	137.6	140.6	143.5	146.9	150.3	153.2	156.5	159.5	163.1	0.4	6.4	8.8	136.5	145.3	158.1
4.	Nondurable Goods	768.4	778.3	785.3	794.9	809.2	824.5	838.6	853.6	871.0	885.5	3.8	5.3	7.3	762.7	803.5	862.2
5.	Services	977.6	1004.5	1024.8	1046.4	1069.8	1095.5	1119.9	1146.2	1173.4	1202.5	10.6	9.6	9.6	966.6	1059.1	1160.5
6.	Gross Private Domestic Investment	443.3	397.9	420.4	451.9	466.5	497.1	513.1	529.2	546.5	553.5	-10.5	8.8	16.7	421.9	459.0	535.6
7.	Residential Structures	94.3	99.8	105.8	113.1	121.0	126.4	131.6	135.4	138.8	140.7	-8.7	21.7	17.2	95.8	116.6	136.6
8.	Other Structures	141.3	140.4	140.0	140.6	142.4	145.0	147.7	150.9	153.9	156.9	9.2	0.2	7.3	141.7	142.0	152.4
9.	Producers' Durables	203.0	196.2	193.2	194.3	196.9	200.6	203.9	207.9	212.0	215.7	-4.9	-4.6	6.9	205.8	196.3	209.9
10.	Change in Inventories	4.7	-38.5	-18.6	3.9	6.2	25.1	29.9	35.0	41.8	40.2	-	-	-	-21.4	4.2	36.7
11.	Net Export of Goods and Services	6.9	-6.9	-4.7	5.6	1.6	1.0	-1.6	6.8	7.0	5.8	-	-	-	16.5	0.9	4.5
12.	Exports	349.5	323.7	321.4	329.9	336.9	348.9	359.4	372.0	380.6	391.1	-4.8	-4.4	12.4	349.7	334.3	375.8
13.	Imports	342.5	330.6	326.1	324.3	335.3	347.9	361.0	365.2	373.6	385.3	-2.4	0.1	11.4	333.2	333.4	371.3
14.	Government Purchases of Goods and Services	651.7	675.7	676.9	690.3	703.5	717.9	732.4	747.3	762.7	786.2	8.4	7.7	8.6	647.1	697.2	757.2
15.	Federal	259.0	276.1	271.9	277.9	283.0	289.6	295.9	302.6	309.2	323.6	12.4	9.1	9.7	257.3	280.6	307.8
16.	National Defense	182.7	188.9	194.9	201.2	206.8	213.9	220.8	227.0	233.6	244.8	16.1	14.4	13.4	178.5	204.2	231.6
17.	Other, including NASA	76.3	87.2	77.0	76.7	76.2	75.7	75.1	75.6	75.6	78.8	4.8	-3.0	-0.1	78.8	76.4	76.3
18.	State and Local	392.7	399.6	405.0	412.4	420.5	428.3	436.5	444.7	453.5	462.6	5.9	6.8	7.8	389.8	416.6	449.3
19.	Gross National Product	3088.2	3101.3	3159.1	3254.0	3323.5	3418.4	3490.5	3578.3	3662.7	3743.7	4.1	7.6	10.0	3057.5	3288.8	3618.8
20.	Amount of Change	43.0	13.1	57.8	94.9	69.5	94.9	72.1	87.8	84.4	81.0	-	-	-	119.8	231.3	330.0
21.	% Change*	5.8	1.7	7.7	12.6	8.8	11.9	8.7	10.4	9.8	9.1	-	-	-	4.1	7.6	10.0
22.	% Real Change*	0.7	-2.5	2.8	5.8	3.3	5.9	2.9	4.6	3.6	2.6	-	-	-	-1.8	2.3	4.0
23.	% Price Change*	5.0	4.3	4.7	6.4	5.3	5.7	5.7	5.6	6.0	6.4	-	-	-	6.0	5.1	5.8
24.	Implicit Price Deflator	208.51	210.73	213.16	216.49	219.30	222.38	225.47	228.57	231.92	235.54	-	-	-	207.23	217.83	230.38
25.	Change in Final Sales	22.1	56.3	37.9	72.4	67.2	76.0	67.3	82.7	77.6	82.6	-	-	-	161.6	205.7	297.5
26.	GNP in 1972 Dollars	1481.1	1471.7	1482.0	1503.1	1515.5	1537.2	1548.1	1565.5	1579.3	1589.4	-1.8	2.3	4.0	1475.5	1509.5	1570.6

*Annual Rate
(P) Preliminary

Table 2.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

U.S. Real Expenditures for 1982-III and IV with Forecasts for 1983-I through 1984-IV

		1982		1983				1984				Percent Change			Annual		
		III	IV(P)	I	II	III	IV	I	II	III	IV	81-82	82-83	83-84	1982	1983	1984
1.	Personal Consumption	956.3	968.0	972.5	979.4	986.7	994.9	1000.7	1008.2	1015.6	1023.1	1.0	2.7	2.9	957.1	983.4	1011.9
2.	Durable Goods	136.4	142.8	144.2	147.3	150.1	153.3	154.8	157.1	159.2	161.7	-0.9	7.2	6.4	138.7	148.7	158.2
3.	Nondurable Goods	365.9	368.2	370.2	371.8	373.6	375.6	377.4	379.6	381.9	383.6	0.8	2.1	2.1	365.2	372.8	380.6
4.	Services	454.0	457.0	458.1	460.3	463.0	466.0	468.5	471.5	474.5	477.8	1.8	1.9	2.4	453.2	461.9	473.1
5.	Gross Private Domestic Investment	206.3	183.6	193.5	204.7	209.1	219.9	223.7	228.2	232.4	232.6	-12.8	5.0	10.8	196.9	206.8	229.2
6.	Residential Structures	39.5	41.7	43.6	45.9	48.6	50.1	51.5	52.2	52.8	52.9	-10.9	17.8	11.5	40.0	47.1	52.4
7.	Other Structures	53.0	52.7	51.8	51.5	51.6	51.8	52.0	52.3	52.5	52.7	3.6	-2.8	1.4	53.2	51.7	52.4
8.	Producers' Durables	110.4	106.9	104.4	104.2	104.9	105.9	106.5	107.4	108.2	108.9	-6.8	-6.5	2.8	112.2	104.9	107.8
9.	Change in Inventories	3.4	-17.7	-6.3	3.1	4.0	12.1	13.7	16.3	18.9	18.1	-	-	-	-8.5	3.2	14.0
10.	Net Export of Goods and Services	27.5	21.1	20.2	21.4	20.4	20.9	20.4	23.9	24.1	24.1	-	-	-	30.3	20.7	23.1
11.	Exports	147.5	136.4	135.0	137.1	138.1	141.0	143.2	146.3	147.6	149.6	-6.9	-6.6	6.5	147.5	137.8	146.7
12.	Imports	120.0	115.3	114.8	115.7	117.7	120.1	122.8	122.4	123.5	125.5	0.7	-0.1	5.6	117.2	117.1	123.6
13.	Government Purchases of Goods & Services	291.1	299.0	295.8	297.6	299.3	301.5	303.3	305.2	307.2	309.6	1.4	2.5	2.6	291.2	298.6	306.3
14.	Federal	116.2	123.7	120.6	122.0	123.1	124.8	126.1	127.6	129.0	130.9	5.2	5.6	4.7	116.1	122.6	128.4
15.	State & Local	174.9	175.4	175.2	175.6	176.2	176.7	177.2	177.6	178.2	178.7	-0.9	0.5	1.1	175.0	175.9	177.9
16.	Gross National Product	1481.1	1471.7	1482.0	1503.1	1515.5	1537.2	1548.1	1565.5	1579.3	1589.4	-1.8	2.3	4.0	1475.5	1509.5	1570.6
17.	Final Demand	1477.8	1489.3	1488.3	1500.0	1511.5	1525.1	1534.4	1549.2	1560.4	1571.3	-0.6	1.5	3.2	1484.0	1506.2	1553.8
18.	Private Domestic Product	1303.4	1297.1	1309.5	1331.1	1343.1	1364.3	1374.1	1391.1	1403.6	1413.2	-1.8	3.0	4.4	1297.8	1337.0	1395.5

Table 3.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Income Related U.S. GNP Components for 1982-III and IV with Forecasts for 1983-I through 1984-IV

		1982		1983				1984				Percent Change			Annual		
		III	IV(P)	I	II	III	IV	I	II	III	IV	81-82	82-83	83-84	1982	1983	1984
1.	Compensation of Employees	1868.3	1873.7	1901.9	1942.8	1984.1	2025.1	2075.5	2119.8	2163.8	2213.9	5.0	5.8	9.2	1855.9	1963.5	2143.3
2.	Wage and Salary	1570.0	1572.3	1593.6	1627.6	1662.3	1696.1	1731.5	1768.2	1804.8	1847.5	4.4	5.4	8.7	1560.1	1644.9	1788.0
3.	Manufacturing	383.8	375.8	379.1	388.8	397.1	406.9	416.0	425.6	434.4	442.6	-1.0	2.7	9.3	382.6	393.0	429.7
4.	Other Commodity-Producing Industries	126.4	125.6	128.0	131.3	135.6	140.0	144.7	148.2	152.0	156.2	2.3	5.0	12.4	127.3	133.7	150.3
5.	Distributive Industries	378.4	377.4	381.3	389.1	396.6	403.9	411.7	419.9	427.7	436.4	4.0	4.5	7.9	375.7	392.7	423.9
6.	Service Industries	377.8	384.3	391.8	401.8	411.8	421.1	430.4	441.5	452.6	463.9	10.0	9.2	10.0	372.3	406.6	447.1
7.	Military	39.9	41.4	41.7	41.8	41.8	41.9	42.1	42.3	42.4	45.4	12.9	4.0	3.1	40.2	41.8	43.1
8.	Civilian Government	263.6	267.7	271.7	274.8	279.4	282.3	286.6	290.7	295.7	303.0	5.9	5.7	6.1	262.1	277.1	294.0
9.	Supplements	298.3	301.4	308.3	315.2	321.8	329.0	344.0	351.6	359.0	366.4	8.1	7.7	11.5	295.8	318.6	355.3
10.	Proprietors' Income	118.4	128.1	133.6	140.0	143.6	150.3	153.1	157.8	160.2	163.3	-3.7	18.2	11.8	120.1	141.9	158.6
11.	Business & Professional	101.7	105.5	109.1	114.3	116.5	120.8	123.0	127.3	130.9	133.8	0.7	13.6	11.8	101.4	115.2	128.8
12.	Farm	16.6	22.6	24.5	25.7	27.1	29.5	30.1	30.5	29.3	29.5	-22.5	43.5	12.0	18.6	26.7	29.9
13.	Rental Income	34.6	33.9	35.2	35.6	36.1	36.7	37.3	37.9	38.6	39.3	0.6	5.3	6.7	34.1	35.9	38.3
14.	Net Interest	268.1	267.0	265.2	271.9	279.2	287.8	295.2	303.7	311.6	319.9	12.6	4.0	11.4	265.3	276.0	307.6
15.	Corporate Profits Adj.	166.2	165.7e	175.2	188.6	198.8	211.8	212.9	224.8	234.6	242.4	-15.5	20.2	18.1	161.1	193.6	228.7
16.	National Income	2455.6	2468.3e	2511.1	2578.9	2641.8	2711.7	2774.0	2844.0	2908.8	2978.8	3.6	7.2	10.2	2436.5	2610.9	2876.4
17.	Indirect Business Tax	261.7	266.5	270.6	279.4	285.7	292.3	297.6	304.3	310.5	315.6	3.0	9.0	8.9	258.8	282.0	307.0
18.	Capital Consumption Adj.	44.8	38.3	36.6	35.5	34.0	32.5	31.1	28.9	27.5	24.4	-24.9	-26.2	-19.3	47.0	34.7	28.0
19.	Capital Consumption Alw.	314.6	326.7	335.0	344.5	353.6	362.3	371.5	381.2	391.8	403.6	15.8	12.6	10.9	309.8	348.9	387.0
20.	Business Transfers	13.8	14.3	14.7	15.2	15.7	16.1	16.6	17.1	17.7	18.2	10.5	12.4	13.0	13.7	15.4	17.4
21.	Net Govt. Subsidies	-5.8	-16.5	-9.5	-5.2	-4.9	-4.3	-3.4	-3.0	-3.3	-4.7	-	-	-	-8.3	-6.0	-3.6
22.	Statistical Discrepancy	3.6	3.5e	0.6	5.7	-2.4	7.8	3.1	5.8	9.7	7.8	-	-	-	0.1	2.9	6.6
23.	Gross National Product	3088.2	3101.3	3159.1	3254.0	3323.5	3418.4	3490.5	3578.3	3662.7	3743.7	4.1	7.6	10.0	3057.5	3288.8	3618.8

e = Estimate

Table 4.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Derivation of U.S. Personal Income for 1982-III and IV with Forecasts for 1983-I through 1984-IV

	1982		1983				1984				Percent Change			Annual		
	III	IV(P)	I	II	III	IV	I	II	III	IV	81-82	82-83	83-84	1982	1983	1984
1. National Income	2455.6	2468.3e	2511.1	2578.9	2641.8	2711.7	2774.0	2844.0	2908.8	2978.8	3.6	7.2	10.2	2436.5	2610.9	2876.4
2. Less: Corp. Profits Adj.	166.2	165.7e	175.2	188.6	198.8	211.8	212.9	224.8	234.6	242.4	-15.5	20.2	18.1	161.1	193.6	228.7
3. Social Insurance	255.2	255.8	264.1	270.1	276.0	282.1	303.4	309.9	316.5	323.2	6.6	7.6	14.7	253.7	273.1	313.3
4. Plus: Government Transfers	367.2	382.9	388.4	390.5	391.4	392.9	402.6	404.4	405.0	406.6	11.4	8.3	3.6	360.8	390.8	404.7
5. Old Age, Survivors, etc	209.2	216.6	219.7	221.9	223.2	225.6	233.1	235.9	237.6	240.1	12.4	8.9	6.3	204.5	222.6	236.7
6. Unemployment Benefits	25.5	31.8	31.9	31.4	30.8	30.0	29.1	28.2	27.1	26.5	61.7	24.5	-10.6	24.9	31.0	27.7
7. Veterans' Benefits	16.3	16.6	16.7	16.6	16.5	16.5	16.3	16.3	16.2	16.2	1.2	1.8	-1.8	16.3	16.6	16.3
8. Employees' Retirement	54.9	55.3	56.4	57.1	57.6	58.1	60.5	60.9	61.5	62.0	9.8	6.1	6.8	54.0	57.3	61.2
9. A.F.D.C.	13.0	13.1	13.2	13.1	13.2	13.0	13.3	13.1	13.0	12.9	-2.2	0.0	0.0	13.1	13.1	13.1
10. Other	48.3	49.5	50.5	50.4	50.1	49.7	50.3	50.0	49.6	48.9	0.0	4.8	-1.0	47.9	50.2	49.7
11. Business Transfers	13.8	14.3	14.7	15.2	15.7	16.1	16.6	17.1	17.7	18.2	10.5	12.4	13.0	13.7	15.4	17.4
12. Interest Transfers	110.2	110.3	110.1	111.0	112.1	115.6	120.2	123.9	128.8	133.5	14.1	5.4	12.8	106.5	112.2	126.6
13. Personal Dividends	67.2	68.8	70.1	71.0	72.4	73.7	75.1	76.6	78.0	79.5	7.2	7.2	7.7	67.0	71.8	77.3
14. Equals: Personal Income	2592.5	2623.2	2655.1	2707.9	2758.6	2816.1	2872.2	2931.3	2987.2	3051.0	6.4	6.4	8.3	2569.7	2734.4	2960.4
15. Less: Personal Tax Payments	394.4	399.7	400.9	405.6	398.9	411.2	420.2	429.2	445.9	460.0	2.7	1.8	8.6	397.2	404.2	438.8
16. Equals: Disposable Personal Income	2198.1	2223.5	2254.2	2302.3	2359.7	2404.9	2452.0	2502.1	2541.3	2591.0	7.1	7.3	8.2	2172.5	2330.3	2521.6
17. Less: Consumption	1986.3	2034.6	2066.5	2106.2	2151.9	2202.4	2246.6	2295.0	2346.5	2398.2	7.0	8.1	8.9	1972.0	2131.8	2321.6
18. Less: Other Outlays	59.8	60.0	60.0	60.3	60.6	61.3	62.1	63.1	64.2	65.3	6.6	2.0	5.1	59.4	60.6	63.7
19. Equals: Personal Savings	152.0	128.9	127.7	135.8	147.2	141.2	143.3	144.0	130.6	127.5	8.4	-2.2	-1.2	141.1	138.0	136.4
20. Savings Rate (%)	6.9	5.8	5.7	5.9	6.2	5.9	5.8	5.8	5.1	4.9	-	-	-	6.5	5.9	5.4

Table 5.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

U.S. Federal Government Activity for 1982-III and IV with Forecasts for 1983-I through 1984-IV

	1982		1983				1984				Percent Change			Annual		
	III	IV(P)	I	II	III	IV	I	II	III	IV	81-82	82-83	83-84	1982	1983	1984
1. Government Receipts	613.7	618.2e	620.6	634.4	632.7	650.9	676.6	691.5	712.3	728.9	-2.1	3.3	10.7	614.7	634.7	702.3
2. Personal Tax & Non-Tax	295.6	299.3	298.1	299.5	289.6	298.6	304.4	310.2	323.6	334.0	0.7	-1.2	7.3	300.1	296.5	318.1
3. Corporate Profits Tax	49.8	50.9e	47.6	52.5	55.0	58.3	58.2	60.9	62.7	64.0	-28.5	11.0	15.2	48.1	53.4	61.5
4. Indirect Business Tax	50.8	50.7	50.6	53.8	54.9	56.1	56.4	57.9	58.5	58.1	-14.5	7.8	7.1	50.0	53.9	57.7
5. Contributions for Social Security	217.5	217.4	224.3	228.6	233.2	237.9	257.6	262.5	267.5	272.8	6.0	6.7	14.8	216.5	231.0	265.1
6. Government Expenditures	769.7	815.9	807.6	810.9	817.4	828.1	846.7	856.9	868.4	888.8	10.8	7.0	6.0	762.6	816.0	865.2
7. Purchases of Goods and Services	259.0	276.1	271.9	277.9	283.0	289.6	295.9	302.6	309.2	323.6	12.4	9.1	9.7	257.3	280.6	307.8
8. Defense	182.7	188.9	194.9	201.2	206.8	213.9	220.8	227.0	233.6	244.8	16.1	14.4	13.4	178.5	204.2	231.6
9. Durables	51.7	54.2	57.3	60.5	63.1	66.9	70.4	73.4	76.8	80.1	23.2	25.5	21.3	49.4	62.0	75.2
10. Nondurables	13.2	13.9	14.4	15.0	15.6	16.0	16.4	16.7	17.0	17.2	7.1	13.3	9.8	13.5	15.3	16.8
11. Military Compensation	39.9	41.4	41.7	41.8	41.8	41.9	42.1	42.3	42.4	45.4	12.9	4.1	3.1	40.2	41.8	43.1
12. Civilian Compensation	26.9	27.8	28.0	28.1	28.2	28.3	28.5	28.6	28.7	30.6	7.1	4.4	3.2	27.0	28.2	29.1
13. Other Services	47.0	47.5	49.3	51.5	53.7	56.4	58.8	61.3	63.9	66.5	19.9	18.2	18.8	44.6	52.7	62.6
14. Structures	4.0	4.1	4.2	4.3	4.4	4.4	4.6	4.7	4.8	5.0	23.3	16.2	11.6	3.7	4.3	4.8
15. Nondefense	76.3	87.2	77.0	76.7	76.2	75.7	75.1	75.6	75.6	78.8	4.8	-3.0	-0.1	78.8	76.4	76.3
16. Durables	2.5	2.5	2.5	2.6	2.6	2.6	2.5	2.6	2.7	2.8	4.0	0.0	3.8	2.6	2.6	2.7
17. Nondurables	12.8	22.8	12.3	11.7	11.1	10.2	9.4	9.6	9.1	9.9	33.6	-23.1	-15.9	14.7	11.3	9.5
18. Compensation	32.3	33.2	33.5	33.4	33.6	33.7	33.9	33.9	34.0	36.0	3.5	3.1	2.7	32.6	33.6	34.5
19. Other Services	22.7	22.6	22.6	22.8	22.7	22.9	23.1	23.3	23.5	23.7	-3.0	0.0	2.6	22.8	22.8	23.4
20. Structures	6.0	6.1	6.1	6.2	6.2	6.3	6.2	6.2	6.3	6.4	-10.3	1.6	1.6	6.1	6.2	6.3
21. Transfer Payments	327.4	344.0	348.4	349.8	350.1	351.1	360.3	361.3	361.2	362.0	12.3	8.7	3.2	321.9	349.9	361.2
22. Grants-in-Aid to State and Local Governments	82.0	84.2	83.5	82.1	81.7	81.4	80.5	79.4	78.7	77.5	-4.7	-1.7	-3.9	83.6	82.2	79.0
23. Net Interest Paid	88.7	88.2	87.4	88.9	90.6	94.5	99.3	103.1	108.4	113.3	17.9	6.6	17.3	84.8	90.4	106.0
24. Deficit of Government Enterprises	12.6	23.4	16.4	12.2	12.0	11.5	10.7	10.5	10.9	12.4	15.3	-13.9	-14.6	15.1	13.0	11.1
25. Federal Surplus	-156.0	-197.6e	-187.0	-176.5	-184.7	-177.2	-170.1	-165.4	-156.1	-159.9	-	-	-	-147.9	-181.4	-162.9
26. Federal Debt Held by Individuals	791.2	839.0e	895.5	918.0	978.4	1021.3	1070.3	1097.3	1151.7	1196.1	11.7	22.8	18.4	776.1	953.3	1128.9
27. Total Government Surplus	-123.7	-162.1e	-149.9	-136.1	-142.0	-131.6	-123.9	-117.6	-106.7	-110.1	-	-	-	-116.0	-139.9	-114.6

Table 6.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Selected Economic Variables of the U.S. Economy for 1982-III and IV with Forecasts for 1983-I through 1984-III

	1982		1983				1984				Percent Change			Annual		
	III	IV	I	II	III	IV	I	II	III	IV	81-82	82-83	83-84	1982	1983	1984
Private Economy																
1. Changes in Private Hourly Wage Costs	6.6	6.2	6.8	6.6	6.7	6.4	8.6	6.9	6.8	6.5	7.3	6.6	7.1	-	-	-
2. Change in Output Per Worker Hr.	4.4	4.5	4.3	3.8	1.1	3.6	0.4	2.6	1.5	0.6	0.9	3.8	1.8	-	-	-
3. Change in Implicit Unit Labor Costs	2.1	1.5	2.4	2.7	5.6	2.7	8.1	4.2	5.3	5.9	4.4	2.7	5.2	-	-	-
4. Change in Adjusted Price Deflator	5.0	2.8	4.2	6.4	5.1	5.5	5.6	5.6	6.2	5.7	5.7	4.8	5.7	-	-	-
Prices																
5. Consumer Price Index*	292.1	294.0	295.3	299.1	303.8	308.5	312.9	317.3	322.1	326.8	6.2	4.4	6.0	289.1	301.7	319.8
6. Industrial Commod. (PPI)	313.0	314.8	316.6	320.2	325.0	329.2	333.6	338.1	342.5	346.7	2.7	3.3	5.4	312.4	322.8	340.2
Corporate Economy																
7. After Tax Profit	119.4	115.7e	120.4	132.7	140.0	149.1	149.5	156.9	163.0	166.4	-22.7	16.3	14.7	116.6	138.6	159.0
8. Inventory Profits	10.3	13.4	6.6	13.2	15.0	16.8	17.0	17.7	17.9	17.3	-66.1	37.2	35.7	9.4	12.9	17.5
9. Genuine Profits	105.3	103.5e	115.9	122.8	129.6	138.2	139.5	147.8	155.2	161.4	-9.1	23.8	19.3	102.3	126.6	151.0
10. Mean Closing - Dow Jones	855.9	1009.6	1059.4	1159.5	1192.9	1188.3	1194.1	1241.2	1292.6	1262.5	-5.4	30.3	8.5	882.6	1150.0	1247.6
11. Mean Closing - NY Composite	65.31	78.45	82.65	91.46	96.64	98.63	97.92	102.43	106.15	105.43	-7.0	34.1	11.5	68.86	92.35	102.98
Financial																
12 Monetary Base	179.1	182.1	186.2	189.6	192.8	196.3	199.7	203.1	206.6	210.2	6.6	7.7	7.2	177.6	191.2	204.9
13. Checkable Deposits	326.1	342.2	352.5	356.2	359.5	364.0	368.1	374.5	379.2	384.8	6.3	8.8	5.2	329.1	358.1	376.7
14. M1	455.7	474.0	486.6	493.1	498.7	506.3	512.7	521.7	529.2	537.4	6.5	8.5	5.9	457.4	496.2	525.3
15. Velocity of M1	6.675	6.457	6.416	6.525	6.588	6.673	6.725	6.775	6.833	6.877	-2.1	-0.5	3.8	6.585	6.552	6.803
16. M2	1941.9	1985.7	2053.5	2096.8	2138.0	2186.0	2229.0	2284.3	2335.6	2386.5	9.8	10.4	9.0	1918.7	2118.6	2308.9
17. Velocity of M2	1.566	1.541	1.520	1.534	1.537	1.546	1.547	1.547	1.548	1.549	-5.0	-2.2	0.9	1.570	1.534	1.548
18. Federal Funds	11.01	9.29	8.16	9.25	9.38	9.93	9.24	8.62	8.15	7.68	-25.9	-25.1	-8.3	12.26	9.18	8.42
19. Prime Rate	14.72	11.96	11.08	11.73	12.00	12.63	12.50	12.24	11.43	10.66	-21.3	-20.2	-1.3	14.86	11.86	11.71
20. 6 Month T-Bills	10.38	8.26	8.03	8.84	8.72	9.28	8.67	7.93	7.62	7.35	-19.7	-20.2	-9.5	11.08	8.72	7.89
21. Seasoned AAA Corp.	13.75	11.88	11.67	11.93	12.05	12.32	12.16	11.92	11.72	11.09	-2.7	-13.1	-2.3	13.79	11.99	11.72
22. Savings Capital S&L	543.3	553.7	575.3	583.4	593.3	602.4	610.7	618.3	627.8	636.6	4.7	8.8	5.9	540.8	588.6	623.4
23. Mortgages Outstanding	495.5	487.6	490.5	500.1	510.6	517.3	522.5	526.2	536.1	545.1	-2.7	0.9	5.5	499.9	504.6	532.5
Miscellaneous																
24. Housing Starts	1118	1251	1286	1414	1443	1503	1525	1545	1526	1495	-4.3	33.2	7.9	1060	1412	1523
25. Single Family Starts	650	795	815	921	968	1027	1028	1042	1011	965	-7.3	41.1	8.5	661	933	1012
26. Unit Auto Sales	7.77	8.37	8.47	8.89	9.23	9.72	9.85	10.10	10.33	10.62	-7.9	14.8	12.7	7.91	9.08	10.23
27. Civilian Employment	99.60	99.13	99.31	99.80	100.26	100.83	101.34	101.89	102.41	102.97	-0.9	0.5	2.1	99.53	100.05	102.15
28. Unemployment Rate	10.0	10.7	10.6	10.5	10.3	10.2	10.1	10.0	9.8	9.6	27.6	7.2	-4.8	9.7	10.4	9.9
29. Industrial Production Index	138.2	135.1	136.4	139.6	141.7	145.4	146.7	149.0	150.8	151.5	-8.1	1.6	6.2	138.6	140.8	149.5
30. Asset-Consumption Ratio	2.988	3.099	3.134	3.179	3.187	3.166	3.152	3.166	3.167	3.155	1.2	4.5	-0.2	3.031	3.167	3.160

*Changes from CPI-U to CPI Rental Equivalence in 1983-I

Table 7.1.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Change in Outlook on Significant Variables

	1982		1983				1984			
	III	IV	I	II	III	IV	I	II	III	IV
Gross National Product										
1. Available November 1982	3091.4									
2. Available February 1983	3088.2	3101.3								
3. Forecast February 1983			3159.1	3254.0	3323.5	3418.4	3490.5	3578.3	3662.7	3743.7
4. Forecast November 1982		3137.0	3207.1	3273.3	3351.2	3423.2	3507.1	3579.3	3643.5	
5. Forecast August 1982	3103.0	3202.3	3288.8	3371.6	3454.3	3536.2	3612.4	3677.5		
6. Forecast May 1982	3125.5	3217.2	3325.6	3405.3	3493.1	3564.5	3617.7			
7. Forecast February 1982	3177.0	3269.6	3360.3	3447.9	3529.2	3619.8				
8. Forecast November 1981	3196.7	3284.3	3364.5	3463.8	3550.0					
9. Forecast August 1981	3249.4	3558.9	3443.2	3520.2						
10. Forecast May 1981	3362.5	3468.8	3552.2							
11. Forecast February 1981	3354.0	3449.6								
Implicit Price Deflator										
12. Available November 1982	208.71									
13. Available February 1983	208.51	210.73								
14. Forecast February 1983			213.16	216.49	219.30	222.38	225.47	228.57	231.92	235.54
15. Forecast November 1982		211.35	214.22	217.21	220.08	223.02	225.94	229.15	232.16	
16. Forecast August 1982	209.48	213.54	217.25	220.70	224.01	227.80	231.40	235.00		
17. Forecast May 1982	208.05	212.13	215.72	219.09	222.56	226.23	229.45			
18. Forecast February 1982	210.52	214.51	218.27	221.54	225.11	229.35				
19. Forecast November 1981	210.96	215.36	219.34	223.77	228.27					
20. Forecast August 1981	210.47	214.75	218.70	223.19						
21. Forecast May 1981	212.49	216.76	220.95							
22. Forecast February 1981	214.46	219.23								
GNP in 1972 Dollars										
23. Available November 1982	1481.2									
24. Available February 1983	1481.1	1471.1								
25. Forecast February 1983			1482.0	1503.1	1515.5	1537.2	1548.1	1565.5	1579.3	1589.4
26. Forecast November 1982		1484.3	1497.1	1507.0	1522.7	1534.9	1552.2	1562.0	1569.4	
27. Forecast August 1982	1481.3	1499.6	1513.8	1527.7	1542.0	1552.3	1561.1	1564.9		
28. Forecast May 1982	1502.3	1516.6	1541.6	1554.3	1569.5	1575.6	1576.7			
29. Forecast February 1982	1509.1	1524.2	1539.5	1556.3	1567.8	1578.3				
30. Forecast November 1981	1515.3	1525.0	1533.9	1547.9	1555.2					
31. Forecast August 1981	1543.9	1564.1	1574.4	1577.2						
32. Forecast May 1981	1582.4	1600.3	1607.3							
33. Forecast February 1981	1563.9	1573.5								

Table 7.2.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Change in Outlook on Significant Variables

	1982		1983				1984			
	III	IV	I	II	III	IV	I	II	III	IV
Personal Consumption										
34. Available November 1982	1989.5									
35. Available February 1983	1986.3	2034.6								
36. Forecast February 1983			2066.5	2106.2	2151.9	2202.4	2246.6	2295.0	2346.5	2398.2
37. Forecast November 1982		2027.9	2072.9	2116.4	2156.7	2200.2	2244.1	2289.0	2335.0	
38. Forecast August 1982	1998.1	2046.1	2095.8	2146.5	2199.4	2252.7	2304.9	2355.6		
39. Forecast May 1982	2026.1	2075.9	2127.1	2181.0	2032.3	2282.7	2382.2			
40. Forecast February 1982	2038.8	2089.0	2141.3	2188.4	2241.8	2299.3				
41. Forecast November 1981	2067.8	2117.9	2170.5	2231.3	2292.0					
42. Forecast August 1981	2074.3	2136.4	2192.8	2255.9						
43. Forecast May 1981	2118.0	2178.4	2244.8							
44. Forecast February 1981	2120.9	2180.3								
Gross Private Domestic Investment										
45. Available November 1982	438.5									
46. Available February 1983	448.3	397.9								
47. Forecast February 1983			420.4	451.9	466.5	497.1	513.1	529.2	546.5	553.5
48. Forecast November 1982		426.5	443.0	455.1	482.7	498.8	520.5	528.5	531.7	
49. Forecast August 1982	433.0	469.0	484.3	502.1	513.4	527.2	538.8	541.3		
50. Forecast May 1982	439.1	463.2	505.7	517.9	534.0	534.2	531.1			
51. Forecast February 1982	466.5	492.8	508.8	536.2	544.5	554.4				
52. Forecast November 1981	456.9	476.3	493.9	510.8	516.6					
53. Forecast August 1981	504.4	534.5	548.6	542.5						
54. Forecast May 1981	541.2	568.8	574.9							
55. Forecast February 1981	531.3	541.9								
Government Purchases of Goods and Services										
56. Available November 1982	650.2									
57. Available February 1983	651.7	675.7								
58. Forecast February 1983			676.9	690.3	703.5	717.9	732.4	747.3	762.7	786.2
59. Forecast November 1982		669.6	679.4	691.3	704.2	722.6	736.1	749.4	762.6	
60. Forecast August 1982	644.6	665.6	681.7	695.6	711.9	730.2	744.4	759.1		
61. Forecast May 1982	640.3	662.3	675.7	688.2	704.8	726.7	741.9			
62. Forecast February 1982	651.7	673.0	689.8	708.0	726.7	750.8				
63. Forecast November 1981	652.1	673.8	689.8	707.8	726.1					
64. Forecast August 1981	652.5	673.0	690.3	707.1						
65. Forecast May 1981	671.5	694.9	711.9							
66. Forecast February 1981	669.4	693.9								

Table 7.3.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Change in Outlook on Significant Variables

	1982		1983				1984			
	III	IV	I	II	III	IV	I	II	III	IV
Corporate Profits										
67. Available November 1982	161.1e									
68. Available February 1983	166.2	165.7e								
69. Forecast February 1983			175.2	188.6	198.8	211.8	212.9	224.8	234.6	242.4
70. Forecast November 1982		168.6	183.3	192.4	201.1	211.9	218.8	222.4	224.3	
71. Forecast August 1982	168.8	181.4	189.8	204.2	206.1	208.3	212.6	213.1		
72. Forecast May 1982	162.2	174.1	190.0	200.2	209.5	212.4	201.4			
73. Forecast February 1982	180.3	189.2	200.9	211.8	223.8	230.7				
74. Forecast November 1981	172.2	182.1	193.0	203.6	211.2					
75. Forecast August 1981	201.1	212.5	215.6	216.5						
76. Forecast May 1981	227.6	239.0	244.3							
77. Forecast February 1981	231.2	235.7								
Disposable Personal Income										
78. Available November 1982	2202.3									
79. Available February 1983	2198.1	2223.5								
80. Forecast February 1983			2254.2	2302.3	2359.7	2404.9	2452.0	2502.1	2541.3	2591.0
81. Forecast November 1982		2228.9	2260.8	2301.3	2363.6	2405.1	2436.0	2485.3	2529.4	
82. Forecast August 1982	2225.0	2274.6	2311.2	2351.5	2432.6	2480.8	2523.6	2568.6		
83. Forecast May 1982	2229.2	2279.6	2323.6	2366.2	2449.8	2497.7	2535.8			
84. Forecast February 1982	2227.6	2276.0	2320.4	2364.6	2453.0	2504.0				
85. Forecast November 1981	2255.4	2301.3	2342.0	2388.2	2462.6					
86. Forecast August 1981	2269.2	2323.6	2364.7	2409.3						
87. Forecast May 1981	2290.0	2342.9	2418.2							
88. Forecast February 1981	2334.1	2388.2								
Personal Savings										
89. Available November 1982	153.0									
90. Available February 1983	152.0	128.9								
91. Forecast February 1983			127.7	135.8	147.2	141.2	143.3	144.0	130.6	127.5
92. Forecast November 1982		140.5	126.9	123.2	144.5	141.5	127.6	131.0	128.2	
93. Forecast August 1982	167.2	168.1	154.4	143.1	170.5	164.4	154.2	147.8		
94. Forecast May 1982	149.8	149.4	151.4	129.0	160.4	156.9	148.7			
95. Forecast February 1982	134.5	131.0	122.1	118.1	151.9	143.9				
96. Forecast November 1981	132.0	126.6	113.9	97.6	110.2					
97. Forecast August 1981	141.9	133.1	117.1	97.7						
98. Forecast May 1981	116.3	107.2	115.5							
99. Forecast February 1981	159.3	153.1								

Table 7.4.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Change in Outlook on Significant Variables

	1982		1983				1984			
	III	IV	I	II	III	IV	I	II	III	IV
Federal Government Receipts										
100. Available November 1982	614.0e									
101. Available February 1983	613.7	618.2e								
102. Forecast February 1983			620.6	634.4	632.7	650.9	676.6	691.5	712.3	728.9
103. Forecast November 1982		620.8	638.2	648.6	642.5	658.8	697.1	708.4	725.3	
104. Forecast August 1982	602.3	624.0	659.1	675.7	665.2	683.8	706.3	718.1		
105. Forecast May 1982	613.9	635.4	660.0	677.0	668.6	686.0	705.3			
106. Forecast February 1982	637.2	657.0	683.9	701.7	690.2	710.3				
107. Forecast November 1981	644.1	663.0	689.2	711.2	698.2					
108. Forecast August 1981	660.9	684.9	707.7	727.9						
109. Forecast May 1981	711.9	738.3	729.6							
110. Forecast February 1981	673.5	694.1								
Federal Government Expenditures										
111. Available November 1982	771.2									
112. Available February 1983	769.7	815.9								
113. Forecast February 1983			807.6	810.9	817.4	828.1	846.7	856.9	868.4	888.8
114. Forecast November 1982		791.5	793.2	798.6	809.8	822.3	831.2	841.8	857.3	
115. Forecast August 1982	757.2	774.2	784.3	794.0	813.6	825.9	834.4	847.3		
116. Forecast May 1982	758.2	776.7	785.0	793.6	813.5	832.4	843.4			
117. Forecast February 1982	757.1	776.4	788.7	799.7	824.1	841.7				
118. Forecast November 1981	755.6	766.8	774.2	786.7	810.5					
119. Forecast August 1981	744.4	754.0	762.9	773.3						
120. Forecast May 1981	746.8	757.1	766.4							
121. Forecast February 1981	764.9	784.8								
Surplus for All Governments										
122. Available November 1982	-123.5e									
123. Available February 1983	-123.7	-162.1e								
124. Forecast February 1983			-149.9	-136.1	-142.0	-131.6	-123.9	-117.6	-106.7	-1[illegible]0.1
125. Forecast November 1982		-136.2	-118.7	-113.4	-130.5	-125.7	-94.2	-92.6	-90.7	
126. Forecast August 1982	-122.7	-114.2	-87.3	-79.1	-107.6	-99.5	-84.2	-85.2		
127. Forecast May 1982	-105.0	-98.2	-79.7	-69.3	-96.4	-96.0	-89.3			
128. Forecast February 1982	-82.2	-79.4	-63.4	-55.0	-89.8	-84.8				
129. Forecast November 1981	-78.7	-72.6	-53.7	-43.1	-80.7					
130. Forecast August 1981	-51.5	-35.9	-21.8	-11.1						
131. Forecast May 1981	-1.6	15.6	-0.2							
132. Forecast February 1981	-50.6	-49.6								

Table 7.5.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Change in Outlook on Significant Variables

		1982		1983				1984			
		III	IV	I	II	III	IV	I	II	III	IV
	Consumer Price Index										
133.	Actual	292.1	294.0								
134.	Forecast February 1983			295.3	299.1	303.8	308.5	312.9	317.3	322.1	326.8
135.	Forecast November 1982		293.4	297.2	301.3	305.9	310.4	315.0	319.7	324.4	
136.	Forecast August 1982	292.6	297.6	301.9	306.0	310.5	315.4	321.0	326.1		
137.	Forecast May 1982	289.7	294.4	298.7	303.2	307.9	312.8	318.0			
138.	Forecast February 1982	292.7	298.9	303.6	308.3	313.8	319.9				
139.	Forecast November 1981	297.6	303.2	309.4	316.7	323.7					
140.	Forecast August 1981	295.7	301.7	307.6	314.3						
141.	Forecast May 1981	300.6	306.9	314.7							
142.	Forecast February 1981	305.8	313.0								
	After Tax Profits										
143.	Available November 1982	119.3e									
144.	Available Februery 1983	119.4	115.7e								
145.	Forecast February 1983			120.4	132.7	140.0	149.1	149.5	156.9	163.0	166.4
146.	Forecast November 1982		120.5	131.1	139.3	143.3	151.5	156.3	161.1	158.3	
147.	Forecast August 1982	127.4	139.2	136.3	143.2	148.5	148.6	150.1	151.7		
148.	Forecast May 1982	123.0	136.4	146.0	154.8	163.1	167.7	159.9			
149.	Forecast February 1982	145.5	153.1	158.9	167.2	173.5	179.6				
150.	Forecast November 1981	137.2	145.1	150.3	161.5	166.7					
151.	Forecast August 1981	150.4	157.3	154.8	162.6						
152.	Forecast May 1981	175.0	181.6	181.6							
153.	Forecast February 1981	177.0	178.9								
	Mean Dow-Jones Closing Average										
154.	Actual	855.9	1009.6								
155.	Forecast February 1983			1059.4	1159.5	1192.9	1188.3	1194.1	1241.2	1292.6	1262.5
156.	Forecast November 1982		1036.2	1126.2	1174.3	1223.9	1161.9	1206.3	1175.3	1165.2	
157.	Forecast August 1982	814.3	864.1	957.7	1030.0	1033.7	1031.5	1094.7	1046.3		
158.	Forecast May 1982	874.6	985.3	1054.8	1103.2	1181.1	1191.5	1148.6			
159.	Forecast February 1982	913.2	865.3	928.0	969.4	1046.7	1098.6				
160.	Forecast November 1981	935.2	949.1	1048.9	1097.5	1121.0					
161.	Forecast August 1981	1095.3	1101.1	1152.7	1155.6						
162.	Forecast May 1981	1249.0	1225.4	1247.2							
163.	Forecast Februery 1981	1182.8	1116.4								

Table 7.6.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Change in Outlook on Significant Variables

		1982		1983				1984			
		III	IV	I	II	III	IV	I	II	III	IV
	Treasury Bill Rate										
164.	Actual	10.38	8.26								
165.	Forecast February 1983			8.03	8.84	8.72	9.28	8.67	7.93	7.62	7.35
166.	Forecast November 1982		7.82	7.28	6.97	7.85	8.33	7.96	7.58	7.45	
167.	Forecast August 1982	11.42	12.13	11.69	11.14	11.48	10.95	10.21	9.76		
168.	Forecast May 1982	13.42	11.96	11.73	11.55	11.07	10.65	10.93			
169.	Forecast February 1982	13.92	14.82	12.93	13.72	12.62	12.41				
170.	Forecast November 1981	13.15	14.02	13.11	13.43	13.65					
171.	Forecast August 1981	13.78	14.02	13.61	12.76						
172.	Forecast May 1981	10.27	10.51	11.39							
173.	Forecast February 1981	12.86	13.05								
	Housing Starts										
174.	Actual	1118	1251								
175.	Forecast February 1983			1286	1414	1443	1503	1525	1545	1526	1495
176.	Forecast November 1982		1098	1178	1311	1466	1574	1628	1574	1498	
177.	Forecast August 1982	1008	1125	1173	1236	1335	1393	1405	1373		
178.	Forecast May 1982	1063	1239	1314	1388	1377	1366	1366			
179.	Forecast February 1982	1199	1354	1502	1311	1295	1427				
180.	Forecast November 1981	1241	1388	1447	1436	1421					
181.	Forecast August 1981	1566	1522	1513	1499						
182.	Forecast May 1981	1659	1658	1500							
183.	Forecast February 1981	1705	1612								
	Civilian Unemployment Rate										
184.	Actual	10.0	10.7								
185.	Forecast February 1983			10.6	10.5	10.3	10.2	10.1	10.0	9.8	9.6
186.	Forecast November 1982		10.5	10.5	10.4	10.3	10.2	10.0	9.8	9.7	
187.	Forecast August 1982	9.8	9.8	9.6	9.4	9.1	9.0	8.7	8.7		
188.	Forecast May 1982	9.5	9.3	9.2	9.0	8.9	8.8	8.5			
189.	Forecast February 1982	9.3	9.3	9.0	8.7	8.6	8.5				
190.	Forecast November 1981	8.5	8.4	8.4	8.4	8.3					
191.	Forecast August 1981	7.8	7.6	7.5	7.6						
192.	Forecast May 1981	6.9	6.8	6.6							
193.	Forecast February 1981	7.3	7.2								

Table 7.7.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Change in Outlook on Significant Variables

		1982		1983				1984			
		III	IV	I	II	III	IV	I	II	III	IV
	Civilian Employment										
194.	Actual	99.61	99.14								
195.	Forecast February 1983			99.31	99.81	100.26	100.83	101.34	101.89	102.41	102.97
196.	Forecast November 1982		99.39	99.76	100.18	100.74	101.28	101.82	102.42	102.96	
197.	Forecast August 1982	99.88	100.23	100.76	101.48	102.27	102.92	103.57	104.19		
	Money Supply										
198.	Actual	455.7	474.0								
199.	Forecast February 1983			486.6	493.1	498.7	506.3	512.7	521.7	529.2	537.4
200.	Forecast November 1982		468.2	476.2	480.2	486.6	497.3	507.5	512.3	516.5	
201.	Forecast August 1982	454.0	463.5	471.7	478.0	485.2	492.6	499.6	500.3		
202.	Forecast May 1982	458.3	464.2	470.4	475.0	481.2	487.4	491.6			
203.	Forecast February 1982	458.3	463.9	469.7	475.2	481.4	487.8				
204.	Forecast November 1981	455.2	462.8	468.1	475.8	481.2					
205.	Forecast August 1981	464.6	469.0	476.3	483.0						
206.	Forecast May 1981	467.9	478.7	482.1							
207.	Forecast February 1981	467.8	476.1								
	Industrial Production										
208.	Actual	138.2	135.1								
209.	Forecast February 1983			136.4	139.6	141.7	145.4	146.7	149.0	150.8	151.5
210.	Forecast November 1982		136.1	138.3	139.8	142.8	145.3	148.0	148.5	148.6	
211.	Forecast August 1982	138.5	141.6	143.9	146.2	148.3	150.6	150.1	149.4		
212.	Forecast May 1982	145.4	147.6	151.9	153.4	155.1	155.3	154.7			
213.	Forecast February 1982	147.4	150.4	152.9	155.4	156.4	157.3				
214.	Forecast November 1981	152.0	153.5	153.9	156.3	156.0					
215.	Forecast August 1981	155.7	158.8	160.1	159.5						
216.	Forecast May 1981	163.0	166.2	165.6							
217.	Forecast February 1981	166.5	167.6								
	Seasoned Aaa Corporate Bonds										
218.	Actual	13.75	11.88								
219.	Forecast February 1983			11.67	11.93	12.05	12.32	12.16	11.92	11.72	11.09
220.	Forecast November 1982		11.79	11.45	10.96	11.32	11.76	11.42	11.07	10.96	
221.	Forecast August 1982	14.47	14.76	14.21	13.93	14.15	14.23	13.69	13.39		
222.	Forecast May 1982	14.88	13.94	13.76	13.38	12.99	12.78	13.01			
223.	Forecast February 1982	15.41	15.65	15.25	15.37	15.02	14.78				
224.	Forecast November 1981	14.62	15.01	14.43	14.45	14.76					
225.	Forecast August 1981	13.82	14.11	13.95	13.80						
226.	Forecast May 1981	12.59	12.75	12.91							
227.	Forecast February 1981	12.61	12.78								

Table 8

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

U.S. Foreign Trade Accounts for 1982 with Forecasts for 1983 and 1984

	1982	1983	1984	Percent Change 81-82	Percent Change 82-83	Percent Change 83-84
Exports of U.S. Merchandise	212562	202595	226564	-9.0	-4.7	11.8
Food & Live Animals	23953	23019	25783	-20.9	-3.9	12.0
Beverages & Tobacco	3015	3194	3449	3.4	5.9	8.0
Crude Materials	19266	18830	22003	-8.2	-2.3	16.9
Mineral Fuels	12997	10718	13508	26.4	-17.5	26.0
Animal & Vegetable Oils	1541	1496	1663	-11.9	-2.9	11.2
Chemicals	19892	21438	24930	-6.1	7.8	16.3
Manufactured Goods	16738	14573	16805	-18.9	-12.9	15.3
Machinery, Trans. Equipment	87207	80500	86153	-8.9	-7.7	7.0
Miscellaneous Manufacturing	15973	14828	16618	-4.6	-7.2	12.1
Commodities, n.e.c.	6866	8733	9340	-18.2	27.2	7.0
Re-exports	5117	5269	6315	7.1	3.0	19.9
Imports of Merchandise	244116	240419	266868	-6.5	-4.5	11.0
Food & Live Animals	14453	15370	17025	-5.0	6.3	10.8
Beverages & Tobacco	3363	3468	3738	7.1	3.1	7.8
Crude Materials	8596	9211	10968	-22.1	7.2	19.1
Mineral Fuels	65410	64490	67249	-19.6	-1.4	4.3
Animal & Vegetable Oils	406	383	491	-15.2	-5.7	28.2
Chemicals	9533	9738	10988	2.3	2.2	12.8
Manufactured Goods	33197	29203	33985	-10.8	-12.0	16.4
Machinery, Trans. Equip.	73434	72485	80175	5.4	-1.3	10.6
Misc. Manufacturing	28019	28300	33235	6.7	1.0	17.4
Commodities, n.e.c.	7708	7773	9015	5.8	0.9	16.0
Balance of Payments Accounts						
Total Exports	350547e	334543	376273	-6.0	-4.6	12.5
Merchandise	211909	202088	226088	-10.3	-4.6	11.9
Reinvestment	4502	4578	6485	-65.3	1.7	41.7
Other Investment	79848	71525	83025	9.4	-10.4	16.1
Other Goods & Services	54289	56353	60675	7.1	3.8	7.7
Total Imports	351012e	351713	388763	-3.0	4.2	10.5
Merchandise	247985	246165	272238	-6.1	-0.7	10.6
Reinvestment	996	945	1725	-75.7	-5.1	82.5
Other Investment	56437	56390	63163	15.6	-0.1	12.0
Other Goods & Services	45595	48213	51638	1.9	5.7	7.1
Current Account Balance	-7906e	-25145	-20640	-	-	-

Table 9.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Implicit Price Deflators for Personal Consumption Expenditures for 1982-III and IV with Forecasts for 1983-I through 1984-IV

	1982		1983				1984				Percent Change			Annual		
	III	IV	I	II	III	IV	I	II	III	IV	81-82	82-83	83-84	1982	1983	1984
Durable Goods	176.1	176.3	177.8	179.8	181.8	184.2	186.1	187.9	189.8	191.8	4.4	3.4	4.4	174.9	180.9	188.9
% Change	5.0	0.4	3.5	4.7	4.6	5.4	4.2	3.9	4.0	4.4						
Automobiles	193.8	191.1	192.7	194.8	197.5	200.1	202.5	204.5	207.3	209.9	4.9	2.9	5.0	190.7	196.3	206.1
% Change	8.7	-5.5	3.3	4.5	5.6	5.3	5.0	4.1	5.6	5.0						
Furniture	157.4	158.2	159.3	160.7	161.9	163.8	165.1	166.3	167.4	168.8	3.5	2.8	3.4	157.0	161.4	166.9
% Change	1.5	2.0	2.7	3.5	3.1	4.9	3.2	3.0	2.6	3.5						
Other Durables	182.6	184.5	187.2	189.7	191.9	194.0	196.4	198.6	200.3	202.6	3.8	4.6	4.6	182.3	190.7	199.5
% Change	4.3	4.2	5.9	5.5	4.6	4.5	4.9	4.5	3.6	4.5						
Nondurables	210.0	211.4	212.1	213.8	216.6	219.5	222.2	224.9	228.1	230.8	3.0	3.2	5.1	208.9	215.5	226.5
% Change	5.6	2.7	1.4	3.2	5.3	5.5	5.0	5.0	5.8	4.9						
Food	217.1	217.5	219.3	221.5	224.4	227.8	231.1	234.1	237.4	240.6	4.4	3.4	5.6	216.0	223.3	235.8
% Change	2.4	0.7	3.3	4.1	5.3	6.2	6.0	5.3	5.7	5.5						
Apparel	141.7	141.8	142.2	142.9	143.8	144.9	146.0	146.8	148.5	149.9	1.9	1.7	3.0	141.1	143.5	147.8
% Change	2.6	0.3	1.0	2.1	2.5	3.2	3.0	2.3	4.5	4.0						
Gasoline & Oil	355.6	357.6	347.4	345.7	353.5	358.5	363.3	368.3	374.5	380.4	-6.1	-0.7	5.8	353.6	351.3	371.6
% Change	25.6	2.3	-10.9	-2.3	9.4	5.8	5.5	5.6	6.9	6.5						
Fuel Oil	562.4	590.0	584.5	570.3	579.7	599.8	617.7	630.3	643.0	659.2	-1.0	3.1	9.3	565.9	583.6	637.6
% Change	14.1	21.1	-3.7	-9.4	6.8	14.6	12.5	8.4	8.3	10.5						
Other Nondurables	201.4	206.7	209.4	212.0	214.5	217.6	220.3	223.2	226.0	229.0	8.0	6.5	5.2	200.3	213.4	224.6
% Change	6.0	2.6	5.3	5.0	4.8	5.9	5.1	5.3	5.2	5.4						
Services	215.3	219.8	223.7	227.3	231.1	235.1	239.0	243.1	247.3	251.7	8.6	7.5	7.0	213.3	229.3	245.3
% Change	9.3	8.6	7.3	6.7	6.8	7.1	6.9	7.0	7.1	7.3						
Housing	198.1	201.8	205.4	208.5	211.7	215.1	218.4	221.7	225.2	229.0	8.1	7.1	6.4	196.3	210.2	223.6
% Change	8.9	7.7	7.3	6.2	6.3	6.5	6.3	6.2	6.5	6.8						
Electricity & Gas	309.0	319.2	327.2	336.0	344.8	356.8	367.3	376.6	386.5	396.8	12.8	11.7	11.9	305.5	341.2	381.8
% Change	11.2	13.9	10.4	11.2	10.9	14.7	12.3	10.5	10.9	11.2						
Household Operations	177.3	179.4	182.2	184.7	187.1	189.4	191.9	194.5	197.3	199.9	9.4	6.2	5.4	175.1	185.9	195.9
% Change	9.3	4.8	6.5	5.6	5.3	5.1	5.2	5.5	6.0	5.3						
Transportation	218.4	223.0	226.5	229.9	233.3	236.9	240.9	244.6	248.7	253.1	7.1	7.1	6.5	216.3	231.7	246.8
% Change	9.1	8.7	6.5	6.2	6.0	6.4	6.8	6.3	6.9	7.3						
Other Services	225.6	230.5	234.4	238.3	242.1	246.1	250.1	254.5	259.0	263.4	8.6	7.5	6.9	223.5	240.2	256.8
% Change	9.4	9.0	7.0	6.9	6.5	6.8	6.7	7.2	7.3	7.0						
Personal Consumption Expenditures	207.7	210.2	212.5	215.1	218.1	221.4	224.5	227.6	231.0	234.4	5.9	5.2	5.8	206.0	216.8	229.4
% Change	7.5	4.9	4.4	4.9	5.7	6.1	5.7	5.7	6.2	6.0						
Consumer Price Index*	292.1	294.0	295.3	299.1	303.8	308.5	312.9	317.3	322.1	326.8	6.2	4.4	6.0	289.1	301.7	319.8
% Change	7.6	2.6	1.7	5.3	6.4	6.3	5.8	5.8	6.1	6.0						

*Changes from CPI-U to CPI Rental Equivalence in 1983-I

Table 10.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Implicit Price Deflators with Annual Percentage Changes for 1982-III and IV with Forecasts for 1983-I through 1984-IV

	1982		1983				1984				Percent Change			Annual		
	III	IV(P)	I	II	III	IV	I	II	III	IV	81-82	82-83	83-84	1982	1983	1984
GNP Deflator	208.51	210.7	213.1	216.49	219.30	222.38	225.47	228.57	231.92	235.54	6.0	5.1	5.8	207.23	217.83	230.38
% Change	5.0	4.3	4.7	6.4	5.3	5.7	5.7	5.6	6.0	6.4						
Personal Cons. Exp.	207.7	210.2	212.5	215.1	218.1	221.4	224.5	227.6	231.0	234.4	5.9	5.2	5.8	206.0	216.8	229.4
% Change	7.5	4.9	4.4	4.9	5.7	6.1	5.7	5.7	6.2	6.0						
Private Domestic Investment	214.9	216.7	217.3	220.8	223.1	226.1	229.4	231.9	235.2	238.0	2.6	3.5	5.3	214.3	221.8	233.6
	3.0	3.4	1.0	6.5	4.2	5.4	5.9	4.4	5.7	4.8						
Nonresidential Structures	266.7	266.7	270.3	273.0	275.9	279.9	284.1	288.6	293.1	297.7	5.9	3.2	5.9	266.4	274.8	290.9
% Change	-1.2	-0.1	5.5	4.1	4.2	5.9	6.2	6.5	6.3	6.5						
Producers' Durables	183.8	183.5	185.1	186.5	187.7	189.4	191.5	193.6	195.9	198.1	2.0	2.1	4.1	183.4	187.2	194.8
% Change	-1.7	-0.8	3.5	3.0	2.6	3.7	4.4	4.5	4.9	4.5						
Residential Structures	238.8	239.4	242.7	246.4	249.2	252.3	255.7	259.4	262.8	265.9	2.4	3.5	5.4	239.3	247.7	261.0
% Change	0.3	1.1	5.6	6.3	4.5	5.1	5.5	5.9	5.3	4.8						
Exports	236.9	237.4	238.1	240.6	243.9	247.4	250.9	254.2	257.8	261.4	2.3	2.3	5.6	237.1	242.5	256.1
% Change	0.2	0.7	1.2	4.3	5.6	5.9	5.8	5.3	5.9	5.6						
Imports	285.4	286.7	284.0	280.2	284.9	289.6	294.0	298.3	302.5	306.9	-3.0	0.1	5.5	284.3	284.7	300.4
%Change	9.8	1.9	-3.7	-5.2	6.9	6.7	6.3	6.0	5.8	5.9						
Federal	223.0	223.3	225.5	227.7	229.9	232.1	234.7	237.1	239.7	247.2	6.8	3.2	4.8	221.6	228.8	239.7
% Change	2.5	0.6	3.9	4.0	3.9	3.8	4.5	4.2	4.4	13.1						
Federal Purchases	240.8	235.0	238.3	241.7	244.6	247.6	250.7	254.1	257.9	261.7	5.6	2.3	5.3	237.6	243.1	256.1
% Change	0.8	-9.2	5.8	5.7	4.9	5.0	5.1	5.6	6.0	6.1						
Federal Value Added	199.0	205.4	207.2	207.5	208.0	208.6	210.0	210.5	210.6	224.0	7.9	3.7	2.9	200.3	207.8	213.8
% Change	0.8	13.5	3.6	0.7	1.0	1.2	2.7	1.0	0.2	28.0						
State & Local	224.5	227.9	231.2	234.8	238.7	242.4	246.3	250.4	254.5	258.8	7.0	6.3	6.6	222.7	236.8	252.5
% Change	6.7	6.2	5.9	6.4	6.7	6.3	6.6	6.8	6.8	6.9						
State & Local Purchases	241.7	244.2	247.3	250.2	253.6	257.3	261.1	265.2	269.3	273.7	5.4	4.8	6.0	240.5	252.1	267.3
% Change	4.4	4.2	5.1	4.9	5.5	5.9	6.1	6.4	6.3	6.7						
State & Local Value Added	213.2	217.0	220.5	224.5	228.6	232.2	236.2	240.2	244.4	248.5	8.2	7.3	7.0	211.0	226.5	242.3
% Change	8.3	7.3	6.6	7.4	7.4	6.4	7.0	7.0	7.1	7.0						

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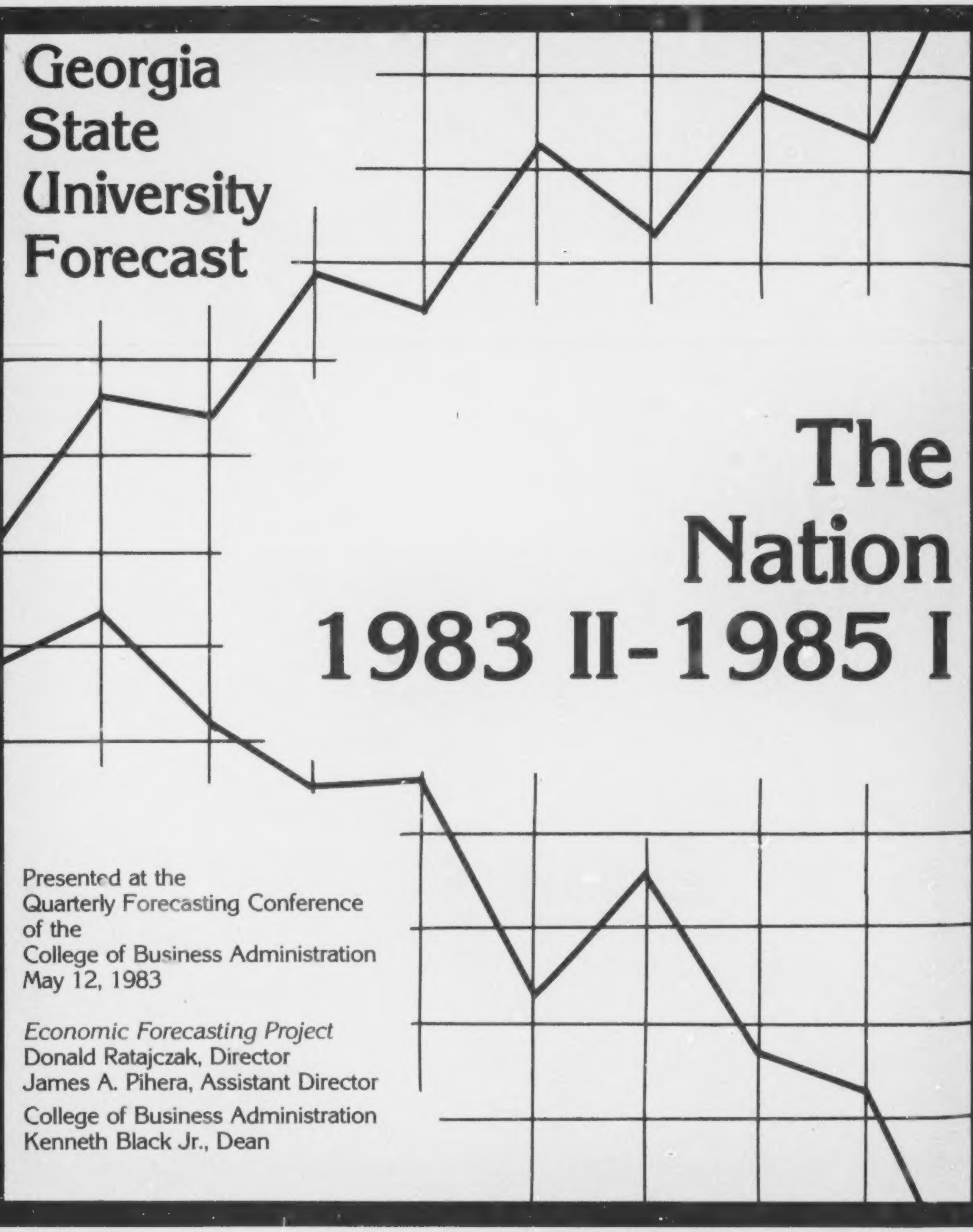

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ECONOMIC RECOVERY NO LONGER WEAK

Dr. Donald Ratajczak, Director
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Georgia State University

COMMENTARY

As the current economic recovery began to unfold at Christmas, many commentators came to characterize the expansion as weak and unbalanced. The first quarter announcement that GNP rose 3.1% after adjustment for inflation, a lower rate than originally projected, seems to confirm that assessment. The recovery certainly appears to be unbalanced, although consumer reticence largely is confined to the unusually slow rate of expansion in purchases of consumer durables. The nondurable and service components excluding energy which normally reflect consumer response to expected future income, have begun to expand. Restaurant activity and advance bookings for vacation destinations are up sharply. However, the consumer definitely remains uncommitted to large purchases of consumer durables. Even housing related durables, such as furniture and appliances, continue to advance in spurts. Activity was sharply higher in January, then subsided through the remainder of the winter before beginning to show strength again in April.

The economic recovery ultimately needs consumer input. To that extent, the current recovery remains slightly unbalanced, although the consumer wariness appears to be more related to changes in consumption and savings patterns than to consumer sentiment. The sentiment indices are strong. Apparently the consumer has shifted spending patterns from "buy now, pay later" to "save now so that purchases do not need to be financed at high rates". If so, consumer input is merely delayed rather than totally absent. After households have created sufficient operating liquidity, a closer alignment between consumer spending and consumer sentiment should reappear.

A delay in consumer input into the recovery is beneficial, for the inventory swing is more powerful than most analysts care to recognize. Factory activity in March provided evidence of what actually is developing. In that month, shipments to other manufacturers, wholesalers, and retailers expanded 2.4%, primarily because those dealers began to believe that existing inventories are no longer adequate to meet rising orders. In other words, desired inventories at current sales levels already are above prevailing inventories. As manufacturers were not prepared for such a strong influx of orders and shipments, they depleted their own inventories by 1.5% in the month.

Indeed, the "weak" GNP performance in the first quarter was partially illusory. First, economic activity did not increase until the latter part of December. Thus, economic activity had to expand by an average monthly rate of 5% during the winter in order to generate a 3.1% gain over fourth quarter levels. Second, reduced meat slaughters as a result of unusually wet weather sharply decreased the contribution of agriculture to economic activity. Expansion in the nonfarm business sector was at a relatively robust 5.6% in the first quarter. Third, a modest winter reduced the need for energy consumption.

Usually, such a weather induced decline in consumption leads to measured reductions in economic activity during the quarter in which it occurs. In the subsequent quarter, consumers spend the weather induced windfall.

Certainly, the employment report for April is consistent with a normal, vigorous economic expansion. More than 72% of all industries reported increased hirings in the month, a rate that usually corresponds to significant economic expansions. Manufacturing payrolls increased by 109,000, all of whom were production workers. Not only is this a sign of significant expansion in activity, but it also means continued gains in productivity, as more output apparently is being generated with the same sales and headquarters staff. Indeed, our forecasted GNP increase of 4.6% for the second quarter and 6.6% for the third quarter may be too modest. The index of hours worked in April already is 3.9% at annual rates above first quarter levels. Thus, no further expansion in activity in May or June assures 5% growth in the private economy. This inventory rebound is relatively robust, not weak, as some analysts have stated.

Much of the error in gauging the strength of this recovery has been caused by unusual seasonal patterns during the winter, a mismeasurement of money growth, and too much reliance upon the short-term relationship between monetary balances and economic activity. The weather was so mild in January that more economic activity was generated than normally occurs at that time of year. This was especially true in construction, where housing increased to a seasonally unsustainable 1.73 million units. Weather related disruptions in production that normally occur in January were absent this year. As a result, growth in January was stronger than could be expected or sustained. When winter weather returned in February, the economic statistics appeared to show an end to the economic rebound. The February data were further distorted by a blizzard on the east coast that coincided with the survey week for measuring employment conditions. When the March statistics rebounded, these gains were assumed to reflect merely the rebound from February's statistical distortions. In addition, few people recognize that consumer prices actually declined during the first quarter. They were not prepared to understand that a 0.3% increase in retail sales during March or a 0.6% increase in personal income in that month actually reflected significant gains in real purchasing power and real sales. The April figures, although they will be distorted upward in the sales category as a result of the five cent excise tax on gasoline, should dispel any lingering concerns about the strength of this early rebound.

Two distortions apparently surfaced in the money statistics. Because the money market deposits were only instituted in mid-December, they could not be seasonally adjusted. However, substantial seasonal swings in money holdings are evident. Therefore, the Federal Reserve decided to assume that money market deposits had the same characteristics as all other deposits in a comparable money class. This means that the money market deposits were treated as if they had exactly the same seasonal pattern as all other components of M2. However, these accounts have more substantial transactions flexibility than the small deposit and other certificate accounts that previously dominated M2. Transactions deposits exhibit more seasonal variations than these other accounts. Thus, the statistical procedure led to an overstatement of the seasonally adjusted money market deposits during the first quarter. They are now leading to a seasonal understatement at the height of the tax season in April. Similar distortions apparently developed for other transactions deposits. The ratio of such deposits to reserves in the total banking system swelled to 6.85 in the winter. By comparison, this ratio averaged about 6.65 during 1982. Shifts in deposits have been used to explain why the ratio was so high, but a new set of seasonal adjustments that were estimated early in April are exhibiting deposits to reserve ratios more in line with historical patterns. Thus, a substantial portion of the money explosion during the first quarter probably was caused by seasonal distortions which are now being reversed early in the second quarter.

Nevertheless, money growth has been stronger than would be consistent with the growth in GNP even after seasonal distortions are removed. Increased liquidity holdings of individuals is one explanation for this changed relationship. After all, interest earned on interest bearing transactions deposits exceeds returns available from other financial instruments that previously attracted household accounts. Some depositors unquestionably have shifted holdings from small savings accounts to transactions deposits, which provide the same yield and also provide increased liquidity. Unlike previous periods, when such a shift clearly signalled a desire to engage in transactions, these changes today may merely reflect movements to a perceived superior savings instrument.

Of course, interest bearing transactions deposits are especially attractive to foreign investors, who are seeking havens for their deposits between international transactions. In effect, the dollar's relative use as a world currency has increased. Thus, more dollars will be held for any given amount of domestic activity, because their holdings are related to international transactions.

All of the above explanations suggest that the Federal Reserve should be more concerned with indicators reflecting current and future results of its policy rather than become enamored with control of the policy instruments themselves. One should be concerned with what the steam is doing to the boiler as well as how rapidly it is flowing in.

Some evidence of increasing inflationary pressures can be divined from the movement of crude prices. However, enough weakness has reappeared in metal scraps and other sensitive products to suggest that this concern should not be substantial at the present time. Of course, corporations are seeking enhanced profit margins more aggresively than is consistent with a noninflationary recovery. Modest price increases have occurred in the plastics, chemicals, and metals industries. Most of the improved productivity is being used to enhance the bottom line. Traditionally, such profit enhancement can proceed for about a year before labor desires a share of the returns. Indeed, some rumblings in labor's ranks already are surfacing, as sharply improved profits at companies that requested labor concessions are beginning to be reported.

Whether profit expansion leads to wage inflation and a renewed inflationary spiral remains to be seen. At the present time the hourly earnings index continues to slow from previous year patterns. In the twelve months to April, the index showed only a 5.2% gain. In the last quarter the index was growing at less than a 3% annual rate. Moreover, previous slowing in wage gains for manufacturing and other heavily unionized areas has redressed differential pressure that previously existed between the union and nonunion sectors. Thus, further easing in nonunion wages remains likely. No serious increases in wage cost pressures should develop until increases in social security taxes occur in 1984.

Optimism clearly has enveloped the financial markets. Equity values have increased nearly 60% from their August 12 lows. These increases already exceed the average gains recorded in postwar stock market cycles. While the increases are not surprising (three months ago we asserted that economic conditions could justify a movement to 100 on the New York composite index, a position still 5% above current market values), the strength of the stock market is beginning to create confusion.

Equity holders share in the future earnings of business. As such, the value of claims against those earnings should depend upon expected future earnings, the volatility of those earnings, and the interest rate, which measures alternative investment gains that could be achieved without purchasing equities. As long-term interest rates have declined approximately 40% since last June, a static future earnings stream should be increased in value by that magnitude. Thus, the stock market advance to 1050 on the Dow merely reflects the upward evaluation of stationery future earnings due to interest rates declines. Only after that point has the market effectively been discounting the future earnings potential of corporations. Using that reasoning, current equity values have only expanded about 20% from the increased floor established by permanent declines in interest rates. Substantially higher values still can be justified if the economic recovery proves to be durable and of average robustness. While GSU's anticipations are not that favorable, they still provide possibilities for a further 20% gain in equity values. Using GSU after-tax expected returns, equity values still have a 15% after-tax earning potential in the next twelve months. Because interest rates are expected to decline slightly from current levels, this gain probably is comparable to those achievable in tax exempt long-term securities. Assuming a one percentage point reduction in long-term interest rates, after-tax returns on long-term bond investments also appear to offer about a 15% potential. Thus, equities no longer are the preferred investment vehicle but they compare favorably with other long-term instruments. In addition, all long-term investments at the present time still appear to be more appropriate than short-term financial instruments yielding before tax returns of about 8%.

What has happened to the government deficit? The deficit remains a major problem. This is the primary reason why real rates of interest remain above historical averages. No significant policy changes have developed to lower those rates. Fortunately, the robust stock market has encouraged foreign investors to provide their savings to the American financial markets. In addition, the sharp increase in corporate profitability early in this recovery has dramatically increased the distribution of income toward corporations. At this phase of the business cycle, corporations are liquidating bank debt and terminating other debt positions. Thus, interest rates continue to decline. Unfortunately, corporations will begin to utilize these increased funds to finance inventory acquisitions by summer. At that time, some upward pressure upon interest rates probably will develop. Interest rates should once again trend downward late in 1983, reaching a low point early in 1984.

An economic pause probably will develop early in 1984, as the increased activity stimulated by a surge in housing and by inventory restocking will have run its course. Although the consumer should be increasingly prominent in preserving the recovery, increases in fixed investment are not expected until the latter part of 1984. For that reason, an economic pause probably will develop early in the year that could inperil the re-election chances of the current administration. Because of those uncertainties developing in a political year, investors probably are well advised to cash in their chips by the end of this year.

Recent Activity

Although GNP adjusted for inflation during the first quarter was higher than our forecast three months ago, an upward revision during the fourth quarter in the net export of goods and services accounted for that favorable condition. After adjusting for that change, economic activity was close to anticipations. However, unusual economic conditions caused that favorable forecasting performance. Industrial activity expanded more sharply than expected while agricultural production fell short of anticipations. The latter shortfall was caused by a temporary reduction in production because of unusually wet weather and the reduced slaughtering of animals. A spurt in agricultural output probably will develop in the second quarter before crop reductions associated with the Payment In Kind program lead to sharp reductions in agricultural production in the latter half of 1983.

Inflation, as measured by the GNP deflator, was higher than anticipated, partially because of higher prices associated with the unusual conditions in agricultural production. Substantial shifts in the composition of production also occurred in the first quarter (those with higher price indices increased relative to those with low indices. In subsequent quarters, as production becomes more balanced, the GNP price deflator will slow relative to other inflation indices. These composition shifts are normally captured in the procedure used in our forecasting, although the magnitude of the agricultural production changes were not appropriately anticipated.

Most of the increase in nominal GNP over our anticipations were reflected in increased corporate profitability. Although after-tax profits approached our anticipations, operating profits exceeded estimates by $10 billion. In the first quarter inventory profits virtually vanished. In addition, depreciation charges are now in excess of the replacement cost of the capital being depreciated. This reduces taxable profits but enhances the cash flow of corporations who do not need to pay tax liability on the capital cost. These first quarter income shifts were especially favorable to equities. As a result, stock values moved above our expectations and are expected to continue performing above previous anticipations into 1984.

During the first quarter, bond prices failed to rise. The major reason appears to be higher construction activity than expected because of favorable weather. As the weather factor is not as favorable in the spring, leading to lower seasonally adjusted financing needs, the bond rally that was anticipated for the winter should now develop. Rates may rise during the summer as inventory restocking begins, but downward movements of rates now seem likely into 1984.

Although agriculture clearly provided some unexpected changes in first quarter performance, and will be a factor as well late in 1983 in reducing economic activity, the recovery began in the sectors and close to the magnitudes originally anticipated. Housing was stronger than expected, but much of this gain can be explained by weather conditions. Some adjustments were made to reflect the results of a recent study which suggests that household formations are now growing more rapidly relative to population than originally had been expected. Adjusting for this factor has increased the estimates of housing starts throughout the forecasting period.

In Table 6, mortgages outstanding at savings and loans have been deleted. At one time, flows of funds into the mortgage lending institutions significantly influenced total mortgage funding. (The share of funding being generated by the savings and loans were largely held in their own portfolios.) Today, however, many mortgage lending institutions are servicing and initiating mortgage packages and then selling them to investment groups. While savings capital still appears to be significant in determining the degree to which mortgage lending institutions aggressively seek to develop such loans, and also influences mortgage rates, there no longer is a significant relationship between mortgages outstanding and total mortgages existing in the United States. Thus, the latter balance sheet item has been deleted. Some people maintain that this will reduce funds flowing into housing. The evidence is mixed, but it appears that such an assertion is not correct.

Assumptions

Most of the assumptions related to budgetary policy are reflected in Table 5. Most of the monetary assumptions are reflected in Table 6.

The Table 5 assumptions include increased highway activity related to the five cent excise tax on gasoline, hospital cost containment program that minimal affects the medicaid and medicare programs reflected in the transfer payments of Table 4, and the Payment-In-Kind program, which dramatically alters the profitability of the Commodity Credit Corporation in the latter part of 1983.

Compensation for government employees was expected to be frozen through the third quarter of 1984. At that time a 5.8% wage increase was assumed. However, more rapid step increases were assumed for the military than for civilian personnel. In keeping with the Social Security reform package, Social Security taxes were assumed to be 6.7% for employees and employers in 1983 on the base of $35,700, 7.00% in 1984 on the base of $37,500 and 7.05% on a base of $40,500 in 1985. No other significant tax initiatives were assumed, although the continuation of accelerated capital recovery provisions was incorporated in the analysis and the third year of the personal income tax reduction in 1983 was expected to be approved. A shortening of the capital gains term was not assumed, but the termination of withholding on interest and dividends, but with an improved reporting system on that income, was expected to be enacted.

Presumed changes in Federal Reserve leadership were not expected to have material effects upon monetary policy. (My best guess is that Preston Martin will be the next chairman. International investors may not be happy with this choice, while some domestic investors may feel that he is too closely aligned with the White House in an election year. Some adverse market reaction could develop, but is expected to be minimal.) In keeping with the Federal Reserve's desires to ignore the recent surge in money caused by deposit shifts, money growth in 1983 is unusually large. Because the M2 targets were established on performance during the first quarter, which already incorporated much of the deposit shift distortions, the annual rates of increase do not violate Federal Reserve targets. The substantial declines anticipated for all interest rates suggest that the markets will accept Federal Reserve explanations about the reasons for this monetary surge.

No significant labor market disputes were assumed in the forecast. The world contract price for oil was expected to hold, although some weakness in the spot price of oil should develop in the early summer of 1983 and again in spring of 1984. This weakness in spot prices is not expected to be sufficient to require further price realignments. On the other hand, significant increases from the world contract price were not anticipated in the forecast period. No significant trade restrictions were assumed other than the already prevailing orderly marketing arrangements for automobile products and some other raw materials.

Summary

While the economic recovery remains slightly unbalanced (the consumer continues to avoid substantial purchases of large ticket items), the monthly data strongly suggest that the recovery no longer is weak. Desired inventories appear to be about 2 percentage points in excess of current inventory holdings. The production gains necessary to realign those relationships and the continuing strength in housing activity insure GNP growth well in excess of first quarter gains through the summer months. Some slowing in economic activity is expected late in the year as production declines in agriculture again influence GNP estimates, as they did in the first quarter.

Inflation will not remain as subdued as the actual modest decline in consumer prices during the first quarter. However, quarterly price increases in excess of 5% are not likely until 1984. At that time, rising food prices and a weakening dollar should begin to exert upward pressures on prices. In addition, any failure from the corporate sector to share their increased productivity with consumers in the form of price concessions could lead to unusually sharp profit gains in 1983 and early in 1984, followed by acceleration in wage demands. Such a pattern is partially assumed in this forecast.

The economy is not expected to slip back into recession in 1984, but high real rates of interest will slow the speed by which fixed investment and improved trade add to economic gains. As a result, activity may grow slowly for some time in 1984. The unemployment rate remains above 9% through the forecast period, although it should fall below 10% before the end of 1983.

The stock market is appropriately assessing developing economic conditions. A sharp increase in corporate profitability during a period of subdued inflationary pressures leads to dramatic equity gains and moderating pressures upon interest rates. Government deficits continue to create problems in the form of higher real rates of interest than should be sustained. The prime interest rate, for example, is expected to remain near 10% during the next two years. However, the dynamics developing in this economic recovery are sufficient to insure continued economic expansion into 1985.

Table 1.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1983

U.S. Expenditures for 1982-IV and 1983-I with Forecasts for 1983-II through 1985-I

		1982	1983				1984				1985	Percent Change			Annual		
		IV	I(P)	II	III	IV	I	II	III	IV	I	81-82	82-83	83-84	1982	1983	1984
1.	Personal Consumption	2030.8	2054.0	2096.5	2141.5	2186.2	2231.4	2276.5	2327.0	2376.1	2425.0	6.9	7.5	8.6	1971.1	2119.6	2302.8
2.	Autos and Parts	113.8	114.7	119.7	126.0	130.7	135.9	138.9	144.1	148.0	151.3	7.7	15.6	15.4	106.2	122.8	141.7
3.	Other Durable Goods	138.0	141.7	144.6	147.7	150.9	153.9	157.4	161.0	164.8	168.6	0.4	7.1	9.0	136.5	146.2	159.3
4.	Nondurable Goods	775.7	776.4	790.6	802.7	816.1	829.2	842.7	857.5	872.1	886.7	3.7	4.5	6.7	762.1	796.5	850.4
5.	Services	1003.3	1021.2	1041.6	1065.1	1088.5	1112.4	1137.5	1164.4	1191.2	1218.4	10.6	9.1	9.2	966.3	1054.1	1151.4
6.	Gross Private Domestic Investment	391.5	430.6	462.6	496.3	507.6	526.1	538.7	558.6	571.7	580.6	-10.9	12.8	15.7	420.3	474.3	548.8
7.	Residential Structures	101.4	119.9	129.0	134.7	140.2	145.0	150.9	156.6	162.7	166.5	-8.3	36.2	17.4	96.2	131.0	153.8
8.	Other Structures	139.6	140.4	138.9	137.8	138.0	139.2	140.7	142.6	145.2	148.1	9.0	-1.9	2.2	141.5	138.8	141.9
9.	Producers' Durables	198.8	198.9	198.9	201.4	204.5	207.3	210.0	214.1	217.7	221.8	-4.6	-2.7	5.7	206.5	200.9	212.3
10.	Change in Inventories	-48.3	-28.5	-4.2	22.4	24.9	34.6	37.1	45.3	46.1	44.2	-	-	-	-23.8	3.7	40.8
11.	Net Export of Goods and Services	9.1	16.6	10.8	-0.5	-2.5	-3.1	-2.0	-3.7	-1.9	2.0	-	-	-	20.5	6.1	-2.7
12.	Exports	328.1	330.2	337.8	341.9	349.7	359.0	368.9	377.0	386.8	397.4	-4.5	-3.1	9.7	350.8	339.9	372.9
13.	Imports	319.1	313.6	327.0	342.4	352.2	362.1	370.9	380.7	388.7	395.4	-3.2	1.1	12.5	330.3	333.8	375.6
14.	Government Purchases of Goods and Services	676.8	675.5	685.6	702.8	716.7	732.8	752.3	770.6	796.5	816.2	8.4	7.4	9.8	647.4	695.2	763.1
15.	Federal	278.7	271.9	274.3	282.5	287.6	294.4	304.3	313.4	330.2	339.8	12.7	8.2	11.3	257.9	279.1	310.6
16.	National Defense	189.3	191.6	196.5	203.3	211.7	219.3	227.4	234.9	250.1	258.4	16.2	12.4	16.0	178.6	200.8	232.9
17.	Other, including NASA	89.4	80.3	77.8	79.2	75.9	75.1	76.9	78.5	80.1	81.4	5.5	-1.3	-0.8	79.3	78.3	77.7
18.	State and Local	398.0	403.6	411.3	420.3	429.1	438.4	448.0	457.2	466.3	476.4	5.8	6.9	8.7	389.4	416.1	452.5
19.	Gross National Product	3108.2	3176.7	3255.5	3340.1	3408.0	3487.2	3565.5	3652.5	3742.4	3823.8	4.1	7.7	9.6	3059.3	3295.1	3611.9
20.	Amount of Change	20.0	68.5	78.8	84.6	67.9	79.2	78.3	87.0	89.9	81.4	-	-	-	121.6	235.8	316.8
21.	% Change*	2.6	9.1	10.3	10.8	8.4	9.6	9.3	10.1	10.2	9.0	-	-	-	4.1	7.7	9.6
22.	% Real Change*	-1.1	3.1	4.6	6.6	3.2	4.1	4.1	4.8	4.2	3.3	-	-	-	-1.7	2.7	4.3
23.	% Price Change*	3.7	5.8	5.4	4.0	5.0	5.3	5.0	5.1	5.8	5.5	-	-	-	6.0	4.9	5.0
24.	Implicit Price Deflator	210.42	213.41	216.24	218.35	221.05	223.94	226.68	229.51	232.78	235.94	-	-	-	207.15	217.26	228.23
25.	Change in Final Sales	73.0	48.7	54.5	58.0	65.4	69.5	75.8	78.8	89.1	83.3	-	-	-	165.8	208.3	279.7
26.	GNP in 1972 Dollars	1477.2	1488.5	1505.5	1529.7	1541.7	1557.2	1572.9	1591.4	1607.7	1620.7	-1.7	2.7	4.3	1476.9	1516.4	1582.3

*Annual Rate
(P) Preliminary

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Table 2.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1983

U.S. Real Expenditures for 1982-IV and 1983-I with Forecasts for 1983-II through 1985-I

		1982	1983				1984				1985	Percent Change			Annual		
		IV	I(P)	II	III	IV	I	II	III	IV	I	81-82	82-83	83-84	1982	1983	1984
1.	Personal Consumption	967.0	972.4	979.5	989.4	998.4	1006.0	1012.9	1021.3	1029.5	1036.9	1.0	2.9	3.3	956.9	984.9	1017.4
2.	Durable Goods	142.8	144.5	147.4	151.1	154.3	157.2	159.1	162.0	164.5	166.6	-0.9	7.6	7.6	138.8	149.3	160.7
3.	Nondurable Goods	367.6	369.8	370.9	373.7	376.4	377.9	379.6	381.3	383.3	385.0	0.7	2.1	2.1	365.0	372.7	380.5
4	Services	456.6	458.1	461.2	464.6	467.7	470.9	474.2	478.0	481.7	485.3	1.8	2.2	2.9	453.1	462.9	476.2
5.	Gross Private Domestic Investment	183.5	199.5	212.8	226.7	229.3	235.2	238.8	245.2	248.5	249.2	-12.8	10.3	11.4	196.9	217.1	241.9
6.	Residential Structures	42.9	49.9	53.1	54.8	56.3	57.4	58.9	60.3	61.8	62.3	-10.2	32.7	11.4	40.3	53.5	59.6
7.	Other Structures	52.3	53.0	52.2	51.9	51.8	51.9	52.1	52.3	52.6	53.0	2.9	-1.7	0.0	53.1	52.2	52.2
8.	Producers' Durables	108.6	109.0	109.1	110.1	111.2	112.1	112.8	114.0	115.0	116.0	-6.4	-2.4	3.3	112.6	109.9	113.5
9.	Change in Inventories	-20.3	-12.4	-1.6	9.9	10.0	13.8	15.0	18.6	19.1	17.9	-	-	-	-9.2	1.5	16.6
10.	Net Export of Goods and Services	27.2	24.0	20.1	15.8	15.4	15.4	16.1	15.8	16.8	18.4	-	-	-	31.8	18.8	16.0
11.	Exports	138.8	138.5	139.3	139.2	140.4	142.0	143.7	144.6	146.2	148.1	-6.5	-5.9	3.4	148.1	139.4	144.1
12.	Imports	111.6	114.5	119.2	123.4	125.0	126.6	127.6	128.8	129.4	129.7	-0.2	3.6	6.3	116.3	120.5	128.1
13.	Government Purchases of Goods & Services	299.5	292.6	293.1	297.8	298.6	300.6	305.1	309.1	312.9	316.2	1.4	1.4	3.9	291.3	295.5	306.9
14.	Federal	124.7	117.5	117.5	121.2	120.7	121.8	125.3	128.4	131.4	133.8	5.4	2.4	6.3	116.4	119.2	126.7
15.	State & Local	174.8	175.1	175.6	176.6	177.9	178.8	179.8	180.7	181.5	182.4	-1.0	0.8	2.2	174.9	176.3	180.2
16.	Gross National Product	1477.2	1488.5	1505.5	1529.7	1541.7	1557.2	1572.9	1591.4	1607.7	1620.7	-1.7	2.7	4.3	1476.9	1516.4	1582.3
17.	Final Demand	1497.5	1500.9	1507.1	1519.8	1531.7	1543.4	1557.9	1572.8	1588.6	1602.8	-0.5	1.9	3.4	1486.0	1514.9	1565.7
18.	Private Domestic Product	1298.5	1312.1	1328.7	1351.9	1362.4	1376.9	1391.8	1409.1	1424.7	1436.7	-3.6	3.1	4.6	1298.2	1338.8	1400.6

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Table 3.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1983

Income Related U.S. GNP Components for 1982-IV and 1983-I with Forecasts for 1983-II through 1985-I

		1982	1983				1984				1985	Percent Change			Annual		
		IV	I(P)	II	III	IV	I	II	III	IV	I	81-82	82-83	83-84	1982	1983	1984
1.	Compensation of Employees	1876.1	1908.5	1939.4	1980.9	2022.0	2071.9	2112.7	2156.6	2205.9	2253.0	5.0	5.7	8.9	1856.5	1962.7	2136.8
2.	Wage and Salary	1574.5	1597.8	1623.2	1658.0	1692.3	1727.1	1760.7	1797.3	1839.0	1875.0	4.5	5.3	8.4	1560.6	1642.8	1781.0
3.	Manufacturing	375.8	383.1	391.3	400.9	409.0	418.4	426.9	436.4	444.8	453.6	4.0	3.5	9.0	382.6	396.1	431.6
4.	Other Commodity-Producing Industries	125.8	126.7	125.4	128.0	131.9	135.6	139.6	143.7	148.0	152.1	2.3	0.6	10.7	127.3	128.0	141.7
5.	Distributive Industries	378.8	381.7	388.8	396.1	403.4	411.0	417.8	424.7	432.1	439.4	4.0	4.4	7.4	376.0	392.5	421.4
6.	Service Industries	385.0	393.0	400.9	411.9	422.0	431.6	441.2	452.5	463.7	474.5	10.0	9.3	9.9	372.5	407.0	447.3
7.	Military	41.4	41.6	41.7	41.8	42.8	43.0	43.2	43.3	46.3	46.6	12.9	4.5	4.8	40.2	42.0	44.0
8.	Civilian Government	267.8	271.6	275.1	279.3	283.2	287.5	292.0	296.7	304.1	308.8	5.9	5.8	6.4	262.1	277.3	295.1
9.	Supplements	301.6	310.7	316.2	322.9	329.7	344.8	352.0	359.3	366.9	378.0	8.1	8.2	11.2	295.8	319.9	355.8
10.	Proprietors' Income	128.9	128.5	135.4	142.8	147.3	147.1	151.3	155.6	161.0	160.7	-3.5	15.1	11.1	120.3	138.5	153.8
11.	Business & Professional	104.8	110.1	114.0	119.7	122.8	124.5	126.9	129.4	133.1	136.2	0.6	15.2	10.1	101.3	116.7	128.5
12.	Farm	24.1	18.4	21.4	23.1	24.5	22.6	24.7	26.2	27.9	24.5	-20.8	15.3	16.0	19.0	21.9	25.4
13.	Rental Income	33.9	35.3	35.6	36.0	36.4	36.8	37.3	37.8	38.3	38.9	0.6	5.0	5.0	34.1	35.8	37.6
14.	Net Interest	265.3	266.9	271.7	278.1	285.7	293.9	301.8	308.5	317.1	326.4	12.4	4.0	10.8	264.9	275.6	305.3
15.	Corporate Profits Adj.	164.6	186.7e	203.4	216.9	223.1	231.1	240.3	252.3	261.9	270.3	-15.6	29.0	18.8	160.8	207.5	246.4
16.	National Income	2468.8	2525.9e	2585.5	2654.7	2714.5	2780.8	2843.4	2910.8	2984.2	3049.3	3.6	7.5	9.9	2436.6	2620.2	2879.8
17.	Indirect Business Tax	266.4	272.1	283.6	290.7	296.9	302.9	308.6	314.6	320.8	326.9	3.0	10.4	9.1	258.8	285.8	311.7
18.	Capital Consumption Adj.	36.7	28.6	26.1	22.5	20.4	15.8	15.1	14.5	13.8	13.3	-25.6	-47.6	-39.3	46.6	24.4	14.8
19.	Capital Consumption Alw.	326.7	337.7	347.3	356.6	365.9	378.2	388.5	397.3	407.2	417.1	15.8	13.6	11.6	309.8	351.9	392.8
20.	Business Transfers	14.3	14.5	14.8	15.1	15.3	15.6	15.9	16.2	16.6	16.9	10.5	8.8	8.1	13.7	14.9	16.1
21.	Net Govt. Subsidies	-14.5	-9.2	-6.6	-9.4	-13.0	-14.0	-10.3	-7.7	-7.7	-6.4	-	-	-	-7.8	-9.6	-9.9
22.	Statistical Discrepancy	9.7	7.1e	4.8	9.9	8.0	7.9	4.3	6.8	7.5	6.7	-	-	-	1.7	7.5	6.6
23.	Gross National Product	3108.2	3176.7	3255.5	3340.1	3408.0	3487.2	3565.5	3652.5	3742.4	3823.8	4.1	7.7	9.6	3059.3	3295.1	3611.9

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Table 4.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1983

Derivation of U.S. Personal Income for 1982-IV and 1983-I with Forecasts for 1983-II through 1985-I

	1982	1983				1984				1985	Percent Change			Annual		
	IV	I(P)	II	III	IV	I	II	III	IV	I	81-82	82-83	83-84	1982	1983	1984
1. National Income	2468.8	2525.9e	2585.5	2654.7	2714.5	2780.8	2843.4	2910.8	2984.2	3049.3	3.6	7.5	9.9	2436.6	2620.2	2879.8
2. Less: Corp. Profits Adj.	164.6	186.7e	203.4	216.9	223.1	231.1	240.3	252.3	261.9	270.3	-15.6	29.0	18.8	160.8	207.5	246.4
3 Social Insurance	256.2	266.5	270.3	276.0	281.8	303.3	309.0	315.3	321.9	335.3	6.6	7.8	14.1	253.8	273.7	312.4
4. Plus: Government Transfers	384.6	380.7	383.1	384.2	386.1	394.6	396.0	397.9	399.4	410.9	11.4	6.2	3.5	361.0	383.5	397.0
5. Old Age, Survivors, etc	216.6	216.8	218.5	219.9	222.2	228.7	230.9	233.2	235.6	244.8	12.4	7.3	5.8	204.5	219.4	232.1
6. Unemployment Benefits	31.8	27.8	26.9	26.4	25.8	25.2	24.6	24.0	23.1	22.7	61.7	7.2	-9.4	24.9	26.7	24.2
7. Veterans' Benefits	16.7	16.8	16.8	16.7	16.7	16.8	16.7	16.8	16.7	16.7	1.9	2.4	0.0	16.4	16.8	16.8
8. Employees' Retirement	55.4	56.0	56.7	57.3	57.9	59.8	60.3	60.8	61.3	63.3	9.8	5.6	6.3	54.0	57.0	60.6
9. A.F.D.C.	13.3	13.8	13.8	13.8	13.7	13.9	13.8	13.8	13.7	13.9	-1.5	4.5	0.0	13.2	13.8	13.8
10. Other	50.8	49.5	50.4	50.1	49.8	50.2	49.7	49.3	49.0	49.5	0.2	4.2	-0.8	48.0	50.0	49.6
11. Business Transfers	14.3	14.5	14.8	15.1	15.3	15.6	15.9	16.2	16.6	16.9	10.5	8.8	8.1	13.7	14.9	16.1
12. Interest Transfers	109.3	110.6	113.3	117.0	119.9	123.1	126.1	129.7	133.6	138.2	13.8	8.5	11.2	106.2	115.2	128.1
13. Personal Dividends	68.8	69.8	70.2	71.3	72.6	74.1	75.7	77.5	79.4	81.4	7.2	6.0	8.0	67.0	71.0	76.7
14. Equals: Personal Income	2624.0	2648.3	2693.2	2746.4	2803.5	2853.8	2907.8	2964.5	3029.4	3091.1	6.4	6.0	7.9	2569.9	2722.9	2938.9
15. Less: Personal Tax Payments	399.7	401.4	404.2	399.3	406.8	410.8	415.8	427.3	438.4	447.9	2.7	1.4	5.0	397.2	402.9	423.1
16. Equals: Disposable Personal Income	2224.3	2247.0	2289.0	2347.0	2396.7	2443.0	2492.0	2537.2	2591.0	2643.2	7.1	6.8	8.4	2172.7	2319.9	2515.8
17. Less: Consumption	2030.8	2054.0	2096.5	2141.5	2186.2	2231.4	2276.5	2327.0	2376.1	2425.0	6.9	7.5	8.6	1971.1	2119.6	2302.8
18. Less: Other Outlays	60.1	61.1	61.9	62.9	63.9	64.8	66.0	67.2	68.5	69.7	6.6	5.2	6.6	59.4	62.5	66.6
19. Equals: Personal Savings	133.4	131.9	130.6	142.7	146.6	146.8	149.5	143.0	146.4	148.5	9.2	-3.0	6.1	142.2	138.0	146.4
20. Savings Rate (%)	6.0	5.9	5.7	6.1	6.1	6.0	6.0	5.6	5.7	5.6	-	-	-	6.5	5.9	5.8

Table 5.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1983

U.S. Federal Government Activity for 1982-IV and 1983-I with Forecasts for 1983-II through 1985-I

	1982	1983				1984				1985	Percent Change			Annual		
	IV	I(P)	II	III	IV	I	II	III	IV	I	81-82	82-83	83-84	1982	1983	1984
1. Government Receipts	615.0	625.0e	638.7	640.6	652.7	677.1	687.7	704.7	721.2	743.1	-2.3	4.1	9.1	613.9	639.3	697.7
2. Personal Tax & Non-Tax	299.2	298.2	298.0	290.5	295.5	296.9	299.5	308.3	316.2	322.9	0.7	-1.5	3.2	300.1	295.6	305.2
3. Corporate Profits Tax	47.3	48.1	53.1	55.9	57.3	58.8	61.9	54.5	67.0	69.4	-29.9	13.6	13.1	47.2	53.6	60.6
4. Indirect Business Tax	50.7	51.4	57.4	59.5	60.6	61.7	62.1	62.6	63.3	63.9	-14.5	14.4	9.1	50.0	57.2	62.4
5. Contributions for Social Security	217.8	227.3	230.2	234.7	239.3	259.7	264.2	269.3	274.7	286.9	6.0	7.5	14.6	216.6	232.9	267.0
6. Government Expenditures	819.2	802.2	806.8	821.7	835.2	854.1	863.7	875.1	896.6	919.7	10.9	7.0	6.8	763.4	816.5	872.4
7. Purchases of Goods and Services	278.7	271.9	274.3	282.5	287.6	294.4	304.3	313.4	330.2	339.8	12.7	8.2	11.3	257.9	279.1	310.6
8. Defense	189.3	191.6	196.5	203.3	211.7	219.3	227.4	234.9	250.1	258.4	16.2	12.4	16.0	178.6	200.8	232.9
9. Durables	52.2	55.2	58.1	61.7	65.9	69.9	73.6	77.3	82.8	87.1	22.2	22.9	26.1	49.0	60.2	75.9
10. Nondurables	15.5	15.4	16.1	16.7	17.1	17.5	17.9	18.3	18.9	19.5	10.3	17.3	11.7	13.9	16.3	18.2
11. Military Compensation	41.4	41.6	41.7	41.8	42.8	43.0	43.2	43.3	46.3	46.6	12.9	4.5	4.8	40.2	42.0	44.0
12. Civilian Compensation	27.9	28.4	28.5	28.6	28.9	29.1	29.2	29.4	31.0	31.2	7.1	5.9	3.8	27.0	28.6	29.7
13. Other Services	48.7	47.3	48.1	50.3	52.6	55.3	58.8	61.7	65.9	68.7	20.7	10.5	21.8	44.9	49.6	60.4
14. Structures	3.7	3.8	4.0	4.2	4.4	4.5	4.7	4.9	5.2	5.3	20.0	13.9	17.1	3.6	4.1	4.8
15. Nondefense	89.4	80.3	77.8	79.2	75.9	75.1	76.9	78.5	80.1	81.4	5.5	-1.3	-0.8	79.3	78.3	77.7
16. Durables	2.8	2.9	2.9	3.0	3.1	3.1	3.2	3.3	3.4	3.4	8.0	11.1	10.0	2.7	3.0	3.3
17. Nondurables	23.9	13.6	10.7	11.3	7.0	5.7	6.9	7.8	7.2	7.9	36.4	-28.7	-35.5	15.0	10.7	6.9
18. Compensation	33.2	33.6	33.6	33.6	33.8	34.0	34.1	34.2	35.9	36.1	3.5	3.4	2.7	32.6	33.7	34.6
19. Other Services	23.7	24.1	24.5	25.1	25.7	26.0	26.3	26.7	27.1	27.4	-1.7	7.8	6.4	23.1	24.9	26.5
20. Structures	5.9	6.1	6.1	6.2	6.3	6.3	6.4	6.5	6.5	6.6	-11.8	3.3	3.2	6.0	6.2	6.4
21. Transfer Payments	345.3	339.6	342.2	342.3	343.7	351.3	351.9	353.1	354.0	364.5	12.4	6.1	3.1	322.2	342.0	352.6
22. Grants-in-Aid to State and Local Governments	84.6	85.8	86.5	88.1	89.7	90.5	91.1	92.0	92.5	93.1	-4.6	4.5	4.6	83.7	87.5	91.5
23. Net Interest Paid	89.1	88.6	90.1	92.2	93.9	96.2	98.5	101.2	104.3	107.8	18.2	8.4	8.7	85.0	92.1	100.1
24. Deficit of Government Enterprises	21.4	16.2	13.7	16.6	20.3	21.5	17.9	15.4	15.6	14.5	11.5	14.4	5.4	14.6	16.7	17.6
25. Federal Surplus	-204.2	-177.2e	-168.1	-181.1	-182.5	-177.0	-176.0	-170.4	-175.4	-176.6	-	-	-	-149.5	-177.2	-174.7
26. Federal Debt Held by Individuals	844.9	899.4e	938.2	995.5	1043.2	1096.6	1131.4	1186.6	1232.5	1285.6	12.0	24.6	19.9	777.7	969.1	1161.8
27. Total Government Surplus	-167.8	-135.8e	-122.7	-133.7	-133.5	-128.1	-126.8	-119.6	-123.0	-124.1	-	-	-	-117.4	-131.4	-124.4

Table 6.

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Economic Forecasting Project
May 1983

Selected Economic Variables of the U.S. Economy for 1982-IV and 1983-I with Forecasts for 1983-II through 1985-I

	1982	1983				1984				1985	Percent Change			Annual		
	IV	I	II	III	IV	I	II	III	IV	I	81-82	82-83	83-84	1982	1983	1984
Private Economy																
1. Changes in Private Hourly Wage Costs	5.7	5.6	4.4	5.7	5.8	8.1	5.7	5.7	5.9	6.8	7.3	5.6	6.3	-	-	-
2. Change in Output Per Worker Hr.	3.9	2.6	2.7	3.4	0.1	1.5	1.7	1.8	1.5	1.0	0.9	3.1	1.6	-	-	-
3. Change in Implicit Unit Labor Costs	1.7	2.9	1.7	2.1	5.7	6.5	3.9	3.8	4.2	5.7	6.3	2.2	4.5	-	-	-
4. Change in Adjusted Price Deflator	2.0	6.7	5.1	3.6	4.8	5.6	4.7	4.9	5.0	6.1	5.5	4.7	4.9	-	-	-
Prices																
5. Consumer Price Index	293.8	293.5	297.0	300.6	304.6	308.3	312.5	316.9	321.3	325.6	6.2	3.4	5.3	289.1	298.9	314.8
6. Industrial Commod. (PPI)	314.8	313.9	315.4	317.7	320.7	323.8	327.0	330.6	334.2	337.9	2.7	1.5	3.8	312.3	316.9	328.9
Corporate Economy																
7. After Tax Profit	117.9	120.7e	138.6	147.8	154.2	158.0	166.0	174.8	180.4	185.7	-22.4	19.8	21.0	117.1	140.3	169.8
8. Inventory Profits	12.6	0.7	10.7	11.6	15.1	15.4	18.7	19.6	19.7	20.5	-62.6	3.3	93.7	9.2	9.5	18.4
9. Genuine Profits	106.6	127.1e	136.8	146.5	150.8	156.9	162.2	170.7	177.1	182.5	-5.9	36.2	18.8	103.0	140.3	166.7
10. Mean Closing - Dow Jones	1016.5	1089.7	1206.5	1332.7	1286.4	1355.1	1267.4	1194.5	1186.3	1196.4	-5.4	39.2	1.8	882.6	1228.8	1250.8
11. Mean Closing - NY Composite	78.72	85.42	92.47	102.38	98.63	103.42	97.41	93.65	94.16	97.83	-7.0	37.6	2.6	68.86	94.73	97.16
Financial																
12 Monetary Base	182.3	187.4	192.0	195.4	198.4	201.9	205.6	209.3	212.8	216.5	11.7	8.8	7.3	177.6	193.3	207.4
13. Checkable Deposits	341.6	354.6	360.4	366.5	371.7	380.6	383.2	389.7	395.7	403.5	6.3	10.2	6.6	329.6	363.3	387.3
14. M1	473.6	490.2	498.2	506.7	514.1	525.7	531.0	540.4	549.0	559.5	6.5	9.7	6.8	458.0	502.3	536.5
15. Velocity of M1	6.459	6.389	6.441	6.496	6.528	6.531	6.611	6.652	6.708	6.723	-2.1	-1.6	2.5	6.567	6.464	6.626
16. M2	1944.7	2040.5	2077.3	2122.1	2164.8	2224.0	2263.0	2316.0	2368.1	2423.5	9.4	11.9	9.1	1878.4	2101.2	2292.8
18. Federal Funds	9.29	8.65	8.51	8.95	8.43	8.53	8.19	8.59	9.22	8.81	-25.9	-29.5	-0.1	12.26	8.64	8.63
19. Prime Rate	11.96	10.88	10.43	10.46	10.50	10.50	10.26	10.00	10.53	10.75	-21.3	-28.9	-2.4	14.86	10.57	10.32
20. 6 Month T-Bills	8.26	8.18	8.18	8.65	8.21	8.43	7.92	8.36	8.62	8.34	-19.7	-25.0	0.2	11.08	8.31	8.33
21. Seasoned AAA Corp.	11.88	11.84	11.45	11.55	11.26	11.32	11.10	10.96	11.12	10.89	-2.7	-16.4	-3.5	13.79	11.53	11.13
22. Savings Capital S&L	553.9	581.7	605.3	620.9	632.6	642.7	653.9	667.7	683.2	697.1	4.7	12.8	8.5	540.7	610.1	661.9
Miscellaneous																
23. Housing Starts	1261	1693	1528	1606	1665	1714	1749	1796	1840	1823	-4.0	52.5	9.4	1064	1623	1775
24. Single Family Starts	809	1068	982	1023	1059	1103	1126	1158	1201	1200	-5.4	55.3	11.0	665	1033	1147
25. Unit Auto Sales	8.67	8.43	8.65	9.13	9.49	9.95	10.02	10.33	10.51	10.62	-6.5	11.2	14.2	8.03	8.93	10.20
26. Civilian Employment	99.14	99.09	99.56	100.22	100.81	101.53	102.08	102.79	103.41	103.99	-0.9	0.3	2.7	99.53	99.80	102.45
27. Unemployment Rate	10.7	10.3	10.2	10.1	10.0	9.8	9.8	9.[illegible]	9.4	9.3	27.6	6.2	-5.9	9.7	10.3	9.7
28. Industrial Production Index	135.3	138.0	140.6	144.2	145.6	147.6	149.4	151.8	153.7	154.8	-8.1	2.5	6.0	138.6	142.1	150.6

Table 7.1.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1983

Change in Outlook on Significant Variables

	1982	1983				1984				1985
	IV	I	II	III	IV	I	II	III	IV	I
Gross National Product										
1. Available February 1983	3101.3									
2. Available May 1983	3108.2	3176.7								
3. Forecast May 1983			3255.5	3340.1	3408.0	3487.2	3565.5	3652.5	3742.4	3823.8
4. Forecast February 1983		3159.1	3254.0	3323.5	3418.4	3490.5	3578.3	3662.7	3743.7	
5. Forecast November 1982	3137.0	3207.1	3273.3	3351.2	3423.2	3507.1	3579.3	3643.5		
6. Forecast August 1982	3202.3	3288.8	3371.6	3454.3	3536.2	3612.4	3677.5			
7. Forecast May 1982	3217.2	3325.6	3405.3	3493.1	3564.5	3617.7				
8. Forecast February 1982	3269.6	3360.3	3447.9	3529.2	3619.8					
9. Forecast November 1981	3284.3	3364.5	3463.8	3550.0						
10. Forecast August 1981	3558.9	3443.2	3520.2							
11. Forecast May 1981	3468.8	3552.2								
Implicit Price Deflator										
12. Available February 1983	210.73									
13. Available May 1983	210.42	213.41								
14. Forecast May 1983			216.24	218.35	221.05	223.94	226.68	229.51	232.78	235.94
15. Forecast February 1983		213.16	216.49	219.30	222.38	225.47	228.57	231.92	235.54	
16. Forecast November 1982	211.35	214.22	217.21	220.08	223.02	225.94	229.15	232.16		
17. Forecast August 1982	213.54	217.25	220.70	224.01	227.80	231.40	235.00			
18. Forecast May 1982	212.13	215.72	219.09	222.56	226.23	229.45				
19. Forecast February 1982	214.51	218.27	221.54	225.11	229.35					
20. Forecast November 1981	215.36	219.34	223.77	228.27						
21. Forecast August 1981	214.75	218.70	223.19							
22. Forecast May 1981	216.76	220.95								
GNP in 1972 Dollars										
23. Available February 1983	1471.1									
24. Available May 1983	1477.2	1488.5								
25. Forecast May 1983			1505.5	1529.7	1541.7	1557.2	1572.9	1591.4	1607.7	1620.7
26. Forecast February 1983		1482.0	1503.1	1515.5	1537.2	1548.1	1565.5	1579.3	1589.4	
27. Forecast November 1982	1484.3	1497.1	1507.0	1522.7	1534.9	1552.2	1562.0	1569.4		
28. Forecast August 1982	1499.6	1513.8	1527.7	1542.0	1552.3	1561.1	1564.9			
29. Forecast May 1982	1516.6	1541.6	1554.3	1569.5	1575.6	1576.7				
30. Forecast February 1982	1524.2	1539.5	1556.3	1567.8	1578.3					
31. Forecast November 1981	1525.0	1533.9	1547.9	1555.2						
32. Forecast August 1981	1564.1	1574.4	1577.2							
33. Forecast May 1981	1600.3	1607.3								

Table 7.2.

Georgia State University
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Economic Forecasting Project
May 1983

Change in Outlook on Significant Variables

		1982	1983				1984				1985
		IV	I	II	III	IV	I	II	III	IV	I
	Personal Consumption										
34.	Available February 1983	2034.6									
35.	Available May 1983	2030.8	2054.0								
36.	Forecast May 1983			2096.5	2141.5	2186.2	2231.4	2276.5	2327.0	2376.1	2425.0
37.	Forecast February 1983		2066.5	2106.2	2151.9	2202.4	2246.6	2295.0	2346.5	2398.2	
38.	Forecast November 1982	2027.9	2072.9	2116.4	2156.7	2200.2	2244.1	2289.0	2335.0		
39.	Forecast August 1982	2046.1	2095.8	2146.5	2199.4	2252.7	2304.9	2355.6			
40.	Forecast May 1982	2075.9	2127.1	2181.0	2032.3	2282.7	2382.2				
41.	Forecast February 1982	2089.0	2141.3	2188.4	2241.8	2299.3					
42.	Forecast November 1981	2117.9	2170.5	2231.3	2292.0						
43.	Forecast August 1981	2136.4	2192.8	2255.9							
44.	Forecast May 1981	2178.4	2244.8								
	Gross Private Domestic Investment										
45.	Available February 1983	397.9									
46.	Available May 1983	391.5	430.6								
47.	Forecast May 1983			462.6	496.3	507.6	526.1	538.7	558.6	571.7	580.6
48.	Forecast February 1983		420.4	451.9	466.5	497.1	513.1	529.2	546.5	553.5	
49.	Forecast November 1982	426.5	443.0	455.1	482.7	498.8	520.5	528.5	531.7		
50.	Forecast August 1982	469.0	484.3	502.1	513.4	527.2	538.8	541.3			
51.	Forecast May 1982	463.2	505.7	517.9	534.0	534.2	531.1				
52.	Forecast February 1982	492.8	508.8	536.2	544.5	554.4					
53.	Forecast November 1981	476.3	493.9	510.8	516.6						
54.	Forecast August 1981	534.5	548.6	542.5							
55.	Forecast May 1981	568.8	574.9								
	Government Purchases of Goods and Services										
56.	Available February 1983	675.7									
57.	Available May 1983	676.8	675.5								
58.	Forecast May 1983			685.6	702.8	716.7	732.8	752.3	770.6	796.5	816.2
59.	Forecast February 1983		676.9	690.3	703.5	717.9	732.4	747.3	762.7	786.2	
60.	Forecast November 1982	669.6	679.4	691.3	704.2	722.6	736.1	749.4	762.6		
61.	Forecast August 1982	665.6	681.7	695.6	711.9	730.2	744.4	759.1			
62.	Forecast May 1982	662.3	675.7	688.2	704.8	726.7	741.9				
63.	Forecast February 1982	673.0	689.8	708.0	726.7	750.8					
64.	Forecast November 1981	673.8	689.8	707.8	726.1						
65.	Forecast August 1981	673.0	690.3	707.1							
66.	Forecast May 1981	694.9	711.9								

Table 7.3.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1983

Change in Outlook on Significant Variables

	1982	1983				1984				1985
	IV	I	II	III	IV	I	II	III	IV	I
Corporate Profits										
67. Available February 1983	165.7e									
68. Available May 1983	164.6	186.7e								
69. Forecast May 1983			203.4	216.9	223.1	231.1	240.3	252.3	261.9	270.3
70. Forecast February 1983		175.2	188.6	198.8	211.8	212.9	224.8	234.6	242.4	
71. Forecast November 1982	168.6	183.3	192.4	201.1	211.9	218.8	222.4	224.3		
72. Forecast August 1982	181.4	189.8	204.2	206.1	206.3	212.6	213.1			
73. Forecast May 1982	174.1	190.0	200.2	209.5	212.4	201.4				
74. Forecast February 1982	189.2	200.9	211.8	223.8	230.7					
75. Forecast November 1981	182.1	193.0	203.6	211.2						
76. Forecast August 1981	212.5	215.6	216.5							
77. Forecast May 1981	239.0	244.3								
Disposable Personal Income										
78. Available February 1983	2223.5									
79. Available May 1983	2224.3	2247.0								
80. Forecast May 1983			2289.0	2347.0	2396.7	2443.0	2492.0	2537.2	2591.0	2643.2
81. Forecast February 1983		2254.2	2302.3	2359.7	2404.9	2452.0	2502.1	2541.3	2591.0	
82. Forecast November 1982	2228.9	2260.8	2301.3	2363.6	2405.1	2436.0	2485.3	2529.4		
83. Forecast August 1982	2274.6	2311.2	2351.5	2432.6	2480.8	2523.6	2568.6			
84. Forecast May 1982	2279.6	2323.6	2366.2	2449.8	2497.7	2535.8				
85. Forecast February 1982	2276.0	2320.4	2364.6	2453.0	2504.0					
86. Forecast November 1981	2301.3	2342.0	2388.2	2462.6						
87. Forecast August 1981	2323.6	2364.7	2409.3							
88. Forecast May 1981	2342.9	2418.2								
Personal Savings										
89. Available February 1983	128.9									
90. Available May 1983	133.4	131.9								
91. Forecasest May 1983			130.6	142.7	146.6	146.8	149.5	143.0	146.4	148.5
92. Forecast February 1983		127.7	135.8	147.2	141.2	143.3	144.0	130.6	127.5	
93. Forecast November 1982	140.5	126.9	123.2	144.5	141.5	127.6	131.0	128.2		
94. Forecast August 1982	168.1	154.4	143.1	170.5	164.4	154.2	147.8			
95. Forecast May 1982	149.4	151.4	129.0	160.4	156.9	148.7				
96. Forecast February 1982	131.0	122.1	118.1	151.9	143.9					
97. Forecast November 1981	126.6	113.9	97.6	110.2						
98. Forecast August 1981	133.1	117.1	97.7							
99. Forecast May 1981	107.2	115.5								

Table 7.4.

Georgia State University
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Economic Forecasting Project
May 1983

Change in Outlook on Significant Variables

		1982	1983				1984				1985
		IV	I	II	III	IV	I	II	III	IV	I
	Federal Government Receipts										
100.	Available February 1983	618.2e									
101.	Available May 1983	615.0	625.0e								
102.	Forecast May 1983			638.7	640.6	652.7	677.1	687.7	704.7	721.2	743.1
103.	Forecast February 1983		620.6	634.4	632.7	650.9	676.6	691.5	712.3	728.9	
104.	Forecast November 1982	620.8	638.2	648.6	642.5	658.8	697.1	708.4	725.3		
105.	Forecast August 1982	624.0	659.1	675.7	665.2	683.8	706.3	718.1			
106.	Forecast May 1982	635.4	660.0	677.0	668.6	686.0	705.3				
107.	Forecast February 1982	657.0	683.9	701.7	690.2	710.3					
108.	Forecast November 1981	663.0	689.2	711.2	698.2						
109.	Forecast August 1981	684.9	707.7	727.9							
110.	Forecast May 1981	738.3	729.6								
	Federal Government Expenditures										
111.	Available February 1983	815.9									
112.	Available May 1983	819.2	802.2								
113.	Forecast May 1983			806.8	821.7	835.2	854.1	863.7	875.1	896.6	919.7
114.	Forecast February 1983		807.6	810.9	817.4	828.1	846.7	856.9	868.4	888.8	
115.	Forecast November 1982	791.5	793.2	798.6	809.8	822.3	831.2	841.8	857.3		
116.	Forecast August 1982	774.2	784.3	794.0	813.6	825.9	834.4	847.3			
117.	Forecast May 1982	776.7	785.0	793.6	813.5	832.4	843.4				
118.	Forecast February 1982	776.4	788.7	799.7	824.1	841.7					
119.	Forecast November 1981	766.8	774.2	786.7	810.5						
120.	Forecast August 1981	754.0	762.9	773.3							
121.	Forecast May 1981	757.1	766.4								
	Surplus for All Governments										
122.	Available February 1983	-162.1e									
123.	Available May 1983	-167.8	-135.8e								
124.	Forecast May 1983			-122.7	-133.7	-133.5	-128.1	-126.8	-119.6	-123.0	-124.1
125.	Forecast February 1983		-149.9	-136.1	-142.0	-131.6	-125.9	-117.6	-106.7	-110.1	
126.	Forecast November 1982	-136.2	-118.7	-113.4	-130.5	-125.7	-94.9	-92.6	-90.7		
127.	Forecast August 1982	-114.2	-87.3	-79.1	-107.6	-99.5	-84.2	-85.2			
128.	Forecast May 1982	-98.2	-79.7	-69.3	-96.4	-96.0	-89.3				
129.	Forecast February 1982	-79.4	-63.4	-55.0	-89.8	-84.8					
130.	Forecast November 1981	-72.6	-53.7	-43.1	-80.7						
131.	Forecast August 1981	-35.9	-21.8	-11.1							
132.	Forecast May 1981	15.6	-0.2								

Table 7.5.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1983

Change in Outlook on Significant Variables

		1982	1983				1984				1985
		IV	I	II	III	IV	I	II	III	IV	I
	Consumer Price Index										
133.	Actual	293.8	293.5								
134.	Forecast May 1983			297.0	300.6	304.6	308.3	312.5	316.9	321.3	325.6
135.	Forecast February 1983		295.3	299.1	303.8	308.5	312.9	317.3	322.1	326.8	
136.	Forecast November 1982	293.4	297.2	301.3	305.9	310.4	315.0	319.7	324.4		
137.	Forecast August 1982	297.6	301.9	306.0	310.5	315.4	321.0	326.1			
138.	Forecast May 1982	294.4	298.7	303.2	307.9	312.8	318.0				
139.	Forecast February 1982	298.9	303.6	308.3	313.8	319.9					
140.	Forecast November 1981	303.2	309.4	316.7	323.7						
141.	Forecast August 1981	301.7	307.6	314.3							
142.	Forecast May 1981	306.9	314.7								
	After Tax Profits										
143.	Available February 1983	115.7e									
144.	Available May 1983	117.9	120.7e								
145.	Forecast May 1983			138.6	147.8	154.2	158.0	166.0	174.8	180.4	185.7
146.	Forecast February 1983		120.4	132.7	140.0	149.1	149.5	156.9	163.0	166.4	
147.	Forecast November 1982	120.5	131.1	139.3	143.3	151.5	156.3	161.1	158.3		
148.	Forecast August 1982	139.2	136.3	143.2	148.5	148.6	150.1	151.7			
149.	Forecast May 1982	136.4	146.0	154.8	163.1	167.7	159.9				
150.	Forecast February 1982	153.1	158.9	167.2	173.5	179.6					
151.	Forecast November 1981	145.1	150.3	161.5	166.7						
152.	Forecast August 1981	157.3	154.8	162.6							
153.	Forecast May 1981	181.6	181.6								
	Mean Dow-Jones Closing Average										
154.	Actual	1016.5	1089.7								
155.	Forecast May 1983			1206.5	1332.7	1286.4	1355.1	1267.4	1194.5	1186.3	1196.4
156.	Forecast February 1983		1059.4	1159.5	1192.9	1188.3	1194.1	1241.2	1292.6	1262.5	
157.	Forecast November 1982	1036.2	1126.2	1174.3	1223.9	1161.9	1206.3	1175.3	1165.2		
158.	Forecast August 1982	864.1	957.7	1030.0	1033.7	1031.5	1094.7	1046.3			
159.	Forecast May 1982	985.3	1054.8	1103.2	1181.1	1191.5	1148.6				
160.	Forecast February 1982	865.3	928.0	969.4	1046.7	1098.6					
161.	Forecast November 1981	949.1	1048.9	1097.5	1121.0						
162.	Forecast August 1981	1101.1	1152.7	1155.6							
163.	Forecast May 1981	1225.4	1247.2								

Table 7.6.

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May 1983

Change in Outlook on Significant Variables

		1982	1983				1984				1985
		IV	I	II	III	IV	I	II	III	IV	I
	Treasury Bill Rate										
164.	Actual	8.26	8.18								
165.	Forecast May 1983			8.18	8.65	8.21	8.43	7.92	8.36	8.62	8.34
166.	Forecast February 1983		8.03	8.84	8.72	9.28	8.67	7.93	7.62	7.35	
167.	Forecast November 1982	7.82	7.28	6.97	7.85	8.33	7.96	7.58	7.45		
168.	Forecast August 1982	12.13	11.69	11.14	11.48	10.95	10.21	9.76			
169.	Forecast May 1982	11.96	11.73	11.55	11.07	10.65	10.93				
170.	Forecast February 1982	14.82	12.93	13.72	12.62	12.41					
171.	Forecast November 1981	14.02	13.11	13.43	13.65						
172.	Forecast August 1981	14.02	13.61	12.76							
173.	Forecast May 1981	10.51	11.39								
	Housing Starts										
174.	Actual	1261	1693								
175.	Forecast May 1983			1528	1606	1665	1714	1749	1796	1840	1823
176.	Forecast February 1983		1286	1414	1443	1503	1525	1545	1526	1495	
177.	Forecast November 1982	1098	1178	1311	1466	1574	1628	1574	1498		
178.	Forecast August 1982	1125	1173	1236	1335	1393	1405	1373			
179.	Forecast May 1982	1239	1314	1388	1377	1366	1366				
180.	Forecast February 1982	1354	1502	1311	1295	1427					
181.	Forecast November 1981	1388	1447	1436	1421						
182.	Forecast August 1981	1522	1513	1499							
183.	Forecast May 1981	1658	1500								
	Civilian Unemployment Rate										
184.	Actual	10.7	10.3								
185.	Forecast May 1983			10.2	10.1	10.0	9.8	9.8	9.6	9.4	9.3
186.	Forecast February 1983		10.6	10.5	10.3	10.2	10.1	10.0	9.8	9.6	
187.	Forecast November 1982	10.5	10.5	10.4	10.3	10.2	10.0	9.8	9.7		
188.	Forecast August 1982	9.8	9.6	9.4	9.1	9.0	8.7	8.7			
189.	Forecast May 1982	9.3	9.2	9.0	8.9	8.8	8.5				
190.	Forecast February 1982	9.3	9.0	8.7	8.6	8.5					
191.	Forecast November 1981	8.4	8.4	8.4	8.3						
192.	Forecast August 1981	7.6	7.5	7.6							
193.	Forecast May 1981	6.8	6.6								

Table 7.7.

Georgia State University
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May 1983

Change in Outlook on Significant Variables

		1982	1983				1984				1985
		IV	I	II	III	IV	I	II	III	IV	I
	Civilian Employment										
194.	Actual	99.14	99.09								
195.	Forecast May 1983			99.56	100.22	100.81	101.53	102.08	102.79	103.41	103.99
196.	Forecast February 1983		99.31	99.81	100.26	100.83	101.34	101.89	102.41	102.97	
197.	Forecast November 1982	99.39	99.76	100.18	100.74	101.28	101.82	102.42	102.96		
	Money Supply										
198.	Actual	473.6	490.2								
199.	Forecast May 1983			498.2	506.7	514.1	525.7	531.0	540.4	549.0	559.5
200.	Forecast February 1983		486.6	493.1	498.7	506.3	512.7	521.7	529.2	537.4	
201.	Forecast November 1982	468.2	476.2	480.2	486.6	497.3	507.5	512.3	516.5		
202.	Forecast August 1982	463.5	471.7	478.0	485.2	492.6	499.6	500.3			
203.	Forecast May 1982	464.2	470.4	475.0	481.2	487.4	491.6				
204.	Forecast February 1982	463.9	469.7	475.2	481.4	487.8					
205.	Forecast November 1981	462.8	468.1	475.8	481.2						
206.	Forecast August 1981	469.0	476.3	483.0							
207.	Forecast May 1981	478.7	482.1								
	Industrial Production										
208.	Actual	135.3	138.0								
209.	Forecast May 1983			141.6	145.2	146.6	147.6	149.4	151.8	153.7	154.8
210.	Forecast February 1983		136.4	139.6	141.7	145.4	146.7	149.0	150.8	151.5	
211.	Forecast November 1982	136.1	138.3	139.8	142.8	145.3	148.0	148.5	148.6		
212.	Forecast August 1982	141.6	143.9	146.2	148.3	150.6	150.1	149.4			
213.	Forecast May 1982	147.6	151.9	153.4	155.1	155.3	154.7				
214.	Forecast February 1982	150.4	152.9	155.4	156.4	157.3					
215.	Forecast November 1981	153.5	153.9	156.3	156.0						
216.	Forecast August 1981	158.8	160.1	159.5							
217.	Forecast May 1981	166.2	165.6								
	Seasoned Aaa Corporate Bonds										
218.	Actual	11.88	11.84								
219.	Forecast May 1983			11.45	11.55	11.26	11.32	11.10	10.96	11.12	10.89
220.	Forecast February 1983		11.67	11.93	12.05	12.32	12.16	11.92	11.72	11.09	
221.	Forecast November 1982	11.79	11.45	10.96	11.32	11.76	11.42	11.07	10.96		
222.	Forecast August 1982	14.76	14.21	13.93	14.15	14.23	13.69	13.39			
223.	Forecast May 1982	13.94	13.76	13.38	12.99	12.78	13.01				
224.	Forecast February 1982	15.65	15.25	15.37	15.02	14.78					
225.	Forecast November 1981	15.01	14.43	14.45	14.76						
226.	Forecast August 1981	14.11	13.95	13.80							
227.	Forecast May 1981	12.75	12.91								

Table 8

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May 1983

U.S. Foreign Trade Accounts for 1982 with Forecasts for 1983 and 1984

	1982(P)	1983	1984	Percent Change		
				81-82	82-83	83-84
Exports of U.S. Merchandise	212193	204745	221510	-9.2	-3.5	8.2
Food & Live Animals	23950	25392	28178	-20.9	6.0	11.0
Beverages & Tobacco	3026	2440	2524	3.8	-19.4	3.4
Crude Materials	19248	18076	20918	-8.3	-6.1	15.7
Mineral Fuels	12729	10432	11085	23.8	-18.0	6.3
Animal & Vegetable Oils	1541	1426	1595	-11.9	-7.5	11.9
Chemicals	19891	19118	20058	-6.1	-3.9	4.9
Manufactured Goods	16739	14900	16203	-18.9	-11.0	8.7
Machinery, Trans. Equipment	87128	86329	92690	-9.0	-0.9	7.4
Miscellaneous Manufacturing	15959	14419	15153	-4.7	-9.6	5.1
Commodities, n.e.c.	6866	7195	7705	-18.2	4.8	7.1
Re-exports	5117	5018	5400	7.1	-1.9	7.6
Imports of Merchandise	243952	248675	279501	-6.5	1.9	12.4
Food & Live Animals	14453	14989	16015	-5.0	3.7	6.8
Beverages & Tobacco	3364	3334	3578	7.2	-0.9	7.3
Crude Materials	8589	9557	11335	-22.2	11.3	18.6
Mineral Fuels	65409	55830	65847	-19.6	-14.6	17.9
Animal & Vegetable Oils	406	413	494	-15.2	2.5	19.6
Chemicals	9494	11392	13238	1.8	20.0	16.2
Manufactured Goods	33148	32216	36079	-10.9	-2.8	12.0
Machinery, Trans. Equip.	73320	81331	89865	5.2	10.9	10.5
Misc. Manufacturing	28061	32022	35275	6.9	14.1	10.2
Commodities, n.e.c.	7708	7591	7775	5.8	-1.5	2.4
Balance of Payments Accounts						
Total Exports	350088	339498	372675	-6.1	-3.0	9.8
Merchandise	211013	203075	219725	-10.7	-3.8	8.2
Reinvestment	7046	12615	16663	-45.7	79.0	32.1
Other Investment	78855	71718	81720	8.1	-9.1	13.9
Other Goods & Services	53174	52090	54568	4.9	-2.0	4.8
Total Imports	350313	357868	398358	-3.2	2.2	11.3
Merchandise	247344	252793	283763	-6.4	2.2	12.3
Reinvestment	1100	1235	1035	-73.2	12.3	-16.2
Other Investment	56081	55925	62405	14.9	-0.3	11.6
Other Goods & Services	45788	47915	51155	2.3	4.6	6.8
Current Account Balance	-8093	-26145	-34283	-	-	-

Table 9.

Georgia State University
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Economic Forecasting Project
May, 1983

Implicit Price Deflators for Personal Consumption Expenditures for 1982-IV and 1983-I with Forecasts for 1983-II through 1985-I

	1982	1983				1984				1985	Percent Change			Annual		
	IV	I	II	III	IV	I	II	III	IV	I	81-82	82-83	83-84	1982	1983	1984
Durable Goods	176.3	177.4	179.3	181.1	182.5	184.4	186.2	188.3	190.2	192.0	4.4	3.0	4.0	174.9	180.1	187.3
% Change	0.3	2.5	4.4	4.1	3.1	4.1	4.0	4.7	4.0	3.9						
Automobiles	191.6	193.7	196.6	198.7	200.1	202.3	204.8	207.6	209.9	212.5	5.0	3.4	4.5	190.8	197.3	206.2
% Change	-4.5	4.5	6.2	4.3	2.9	4.4	5.2	5.5	4.6	5.1						
Furniture	158.0	158.2	159.1	160.3	161.3	162.7	163.9	165.2	166.5	167.7	3.5	1.7	3.1	157.0	159.7	164.6
% Change	1.5	0.5	2.3	3.1	2.5	3.5	3.1	3.3	3.1	3.0						
Other Durables	184.0	185.0	186.4	188.1	189.5	191.5	193.4	195.4	197.4	199.2	3.7	2.9	3.8	182.1	187.3	194.4
% Change	3.1	2.2	3.0	3.7	3.1	4.3	4.1	4.3	4.0	3.8						
Nondurables	211.0	210.0	213.2	214.8	216.8	219.4	222.0	224.9	227.5	230.3	3.0	2.4	4.6	208.8	213.7	223.5
% Change	2.0	-2.0	6.2	3.0	3.8	4.9	4.8	5.3	4.7	5.0						
Food	217.3	217.9	220.3	222.0	224.4	227.5	230.6	234.4	237.9	241.5	4.3	2.5	5.2	215.9	221.2	232.6
% Change	0.4	1.1	4.4	3.1	4.4	5.7	5.6	6.7	6.1	6.3						
Apparel	141.4	141.6	142.1	142.9	143.9	145.2	146.3	147.5	147.8	148.7	1.8	1.1	2.9	141.0	142.6	146.7
% Change	-0.8	0.6	1.5	2.3	2.9	3.6	3.1	3.2	0.9	2.5						
Gasoline & Oil	359.0	332.7	349.2	350.7	354.1	359.0	363.5	367.8	372.6	378.1	-6.2	-1.9	5.5	353.4	346.7	365.7
% Change	3.9	-26.2	21.4	1.7	3.9	5.6	5.2	4.8	5.3	6.1						
Fuel Oil	588.3	547.7	551.6	550.4	559.5	572.1	582.4	590.9	602.8	613.4	-1.1	-2.4	6.3	565.4	552.3	587.1
% Change	19.7	-24.9	2.9	-0.9	6.8	9.3	7.4	6.0	8.3	7.2						
Other Nondurables	206.8	210.9	213.3	215.3	217.8	220.2	223.0	225.5	228.3	231.3	8.0	7.0	4.7	200.3	214.3	224.3
% Change	11.2	8.2	4.6	3.9	4.7	4.5	5.1	4.6	5.0	5.3						
Services	219.7	222.9	225.8	229.3	232.7	236.2	239.9	243.6	247.3	251.1	8.6	6.8	6.2	213.3	227.7	241.8
% Change	8.5	5.9	5.4	6.3	6.1	6.2	6.4	6.3	6.2	6.2						
Housing	201.7	204.5	206.9	209.7	212.8	215.7	218.9	222.0	225.2	228.6	8.0	6.3	5.8	196.2	208.5	220.5
% Change	7.5	5.7	4.7	5.5	6.1	5.6	6.0	5.7	5.9	6.2						
Electricity & Gas	317.3	319.3	325.3	335.5	344.1	350.3	358.7	369.6	378.1	384.8	12.6	8.5	10.0	305.1	331.1	364.2
% Change	11.2	2.5	7.7	13.2	10.6	7.4	9.9	12.7	9.5	7.3						
Household Operations	179.9	183.7	185.7	187.4	189.5	191.9	194.4	196.4	198.5	200.9	9.4	6.5	4.7	175.2	186.6	195.3
% Change	6.0	8.7	4.4	3.7	4.5	5.2	5.3	4.1	4.4	4.9						
Transportation	222.5	225.9	228.8	231.9	235.6	239.8	243.6	247.3	251.5	255.4	7.0	6.7	5.2	216.1	230.6	242.6
% Change	7.7	6.3	5.5	5.6	6.4	7.3	6.5	6.3	6.9	6.4						
Other Services	230.4	234.1	237.1	240.5	243.9	247.7	251.3	254.9	258.7	262.6	8.6	6.9	6.0	223.5	238.9	253.2
% Change	8.8	6.6	5.3	5.9	5.7	6.3	6.1	5.9	6.1	6.2						

Table 10.

Georgia State University
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May 1983

Implicit Price Deflators with Annual Percentage Changes for 1982-IV and 1983-I with Forecasts for 1983-II through 1985-I

	1982	1983				1984				1985	Percent Change			Annual		
	IV	I(P)	II	III	IV	I	II	III	IV	I	81-82	82-83	83-84	1982	1983	1984
GNP Deflator	210.42	213.41	216.24	218.35	221.05	223.94	226.68	229.51	232.78	235.94	6.0	4.9	5.0	207.15	217.26	228.23
% Change	3.7	5.8	5.4	4.0	5.0	5.3	5.0	5.1	5.8	5.5						
Personal Cons. Exp.	210.0	211.2	214.0	216.4	219.0	221.8	224.8	227.8	230.8	233.9	5.9	4.5	5.2	206.0	215.2	226.3
% Change	4.5	2.3	5.5	4.6	4.8	5.2	5.4	5.5	5.4	5.4						
Private Domestic Investment	213.4	215.8	217.4	218.9	221.3	223.7	225.6	227.8	230.1	233.0	2.2	2.3	3.9	213.5	218.4	226.8
	-2.8	4.7	3.0	2.9	4.5	4.4	3.4	4.0	4.1	5.1						
Nonresidential Structures	266.8	264.9	266.0	265.5	266.5	268.2	270.1	272.6	276.0	279.5	5.9	-0.3	2.3	266.4	265.7	271.7
% Change	0.1	-2.9	1.7	-0.8	1.6	2.5	2.9	3.7	5.1	5.2						
Producers' Durables	183.1	182.5	182.3	182.9	183.9	184.9	186.2	187.8	189.3	191.2	2.0	-0.3	2.3	183.4	182.9	187.1
% Change	-1.5	-1.4	-0.5	1.3	2.2	2.1	2.9	3.5	3.3	4.0						
Residential Structures	236.3	240.0	242.8	245.8	249.1	252.6	256.2	259.7	263.3	267.2	2.1	2.5	5.6	238.5	244.4	258.0
% Change	-4.1	6.5	4.8	5.1	5.4	5.8	5.7	5.5	5.8	6.0						
Exports	236.5	238.4	242.5	245.7	249.1	252.8	256.7	260.7	264.6	268.4	2.2	3.0	6.1	236.9	243.9	258.7
% Change	-0.8	3.4	7.1	5.3	5.6	6.1	6.3	6.3	6.2	5.8						
Imports	286.0	273.9	274.3	277.5	281.7	286.0	290.7	295.6	300.4	304.9	-3.1	-2.5	5.9	284.1	276.9	293.2
%Change	0.9	-15.9	0.6	4.7	6.2	6.3	6.7	6.9	6.7	6.1						
Federal	223.5	231.4	233.4	233.2	238.3	241.6	242.8	244.0	251.2	253.9	6.9	5.6	4.6	221.6	234.1	244.9
% Change	1.0	14.8	3.6	-0.6	9.1	5.7	2.0	2.0	12.4	4.4						
Federal Purchases	235.7	249.3	252.8	251.2	258.0	262.5	263.6	264.6	268.1	271.1	5.5	6.5	4.7	237.4	252.8	264.7
% Change	-8.2	25.2	5.7	-2.5	11.2	7.2	1.7	1.5	5.3	4.7						
Federal Value Added	205.3	207.4	207.6	207.5	210.2	211.4	211.6	212.0	224.2	225.4	7.9	3.9	3.2	200.3	208.2	214.8
% Change	13.3	4.2	0.4	-0.1	5.4	2.3	0.4	0.8	25.0	2.2						
State & Local	227.8	230.5	234.2	238.0	241.2	245.2	249.2	253.0	256.9	261.2	6.9	6.0	6.4	222.7	236.0	251.1
% Change	6.0	5.0	6.6	6.6	5.5	6.8	6.6	6.3	6.3	6.8						
State & Local Purchases	244.0	245.4	248.6	251.6	255.2	259.0	262.8	266.4	270.3	274.4	5.3	4.1	5.8	240.3	250.2	264.6
% Change	3.9	2.3	5.3	4.9	5.8	6.1	6.0	5.6	6.1	6.2						
State & Local Value Added	217.0	220.6	224.6	228.7	231.8	235.6	239.7	243.8	247.6	251.9	8.2	7.3	6.8	211.0	226.4	241.7
% Change	7.3	6.8	7.4	7.5	5.5	6.8	7.1	7.0	6.4	7.2						

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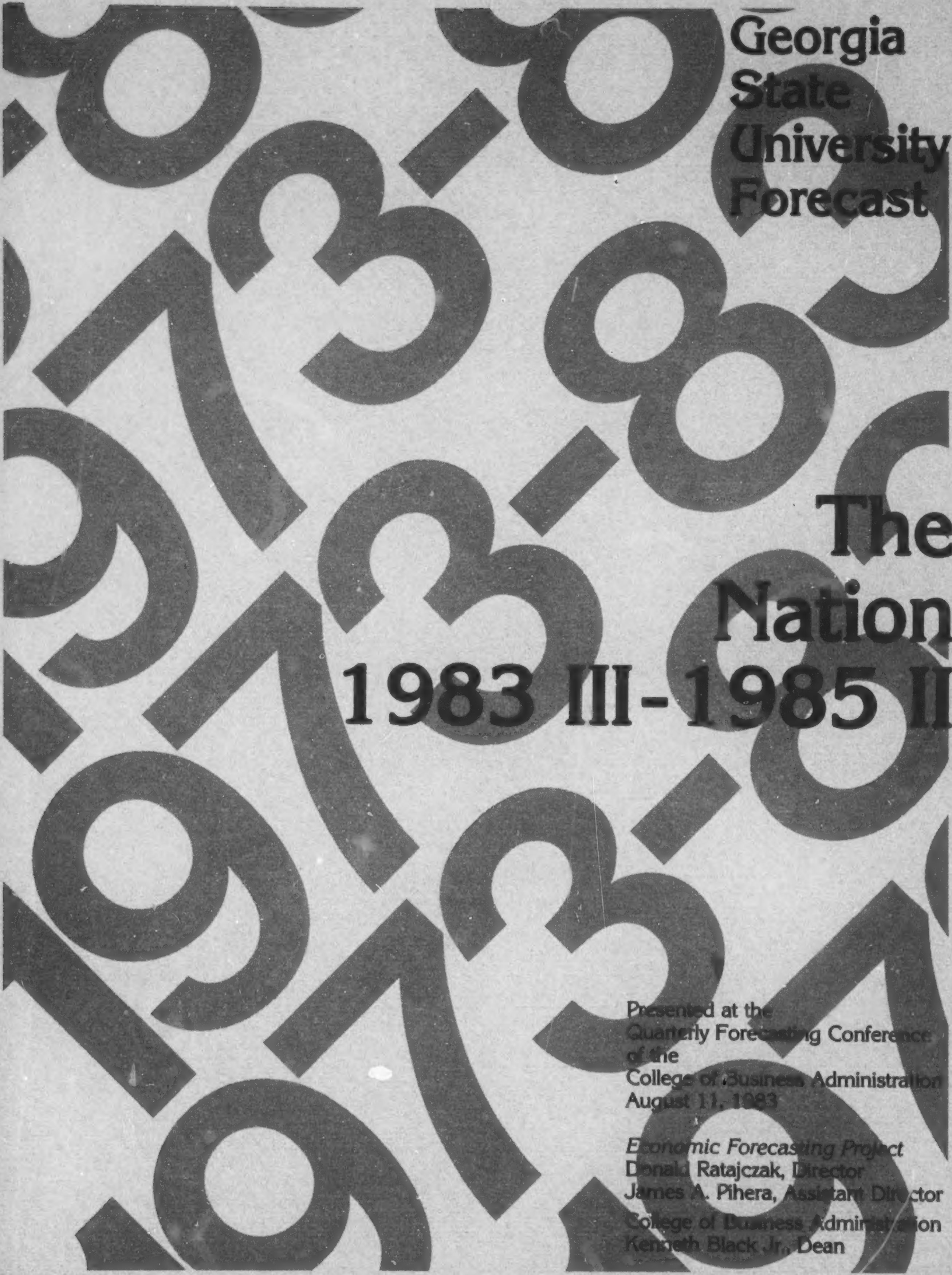

Georgia State University Forecast

The Nation
1983 III-1985 II

Presented at the
Quarterly Forecasting Conference
of the
College of Business Administration
August 11, 1983

Economic Forecasting Project
Donald Ratajczak, Director
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College of Business Administration
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FIRST STAGE OF RECOVERY STRONG
BUT HIGH INTEREST RATES TO SLOW 1984 GROWTH

Dr. Donald Ratajczak, Director
Economic Forecasting Project
Georgia State University

COMMENTARY

GNP Data Revisions

Only one major revision was contained in the annual reestimation of economic conditions that normally is released in July. However, that revision reveals a condition that may lead to significantly higher interest rates and greater difficulties for the interest sensitive parts of the economy in 1984 than had originally been contemplated.

Apparently, the Department of Commerce had been underestimating consumer spending during the past few years. Although a significant portion of this spending is in the imputed service accounts, where imputed purchases of services by homeowners and imputed rental income have been revised upward sharply, other service components also appear to have been significantly understated. Consumption spending in the first quarter was nearly $20 billion higher than originally estimated.

This upward revision in consumption has been at the expense of investment, where both housing and nonresidential spending have increased at a much slower rate than originally projected. Construction has not been as robust in the last two years as the original data implied. Because construction activity has been less intense, the excess supply of plants and office space is not as worrisome as originally expected. Capacity utilization has been revised upward slightly.

On the other hand, the ratio of consumption to economic activity is now even larger than when the supply siders began to propose policies to alter savings and investment conditions. Because economic activity has not been revised upward along with consumption, the savings rate has been revised downward to a 33 year low in the second quarter. The resulting surge in consumer spending has intensified pressures on credit markets. Interest rate pressures are more intense than they would have been with lower consumption ratios and higher household savings rates.

The economic recovery is developing in a classical pattern with the exception of an unusually low savings rate and unusually high interest rates. Expansive budgetary policies and loosened monetary restraints, rather than the positive effects from supply-side tax incentives, can easily explain current economic behavior. Even as many supply siders are taking credit for the developing economic recovery, the data revisions strongly suggest that their theories are in serious error.

Current Conditions

As mentioned above, the sharp upward revision in consumer activity and concomitant downward revision in household savings intensified the interest rate pressures that already had been anticipated for the spring and summer months. While those revisions indicated that the household savings rate had been unusually low for a longer period of time than originally thought, the revisions alone do not explain why the savings rate tumbled to an implied 3.3% level in June. Apparently, two factors were at work. First, consumers anticipated changes in withholding tax rates that were scheduled in July and began making purchases during the second quarter. An upward revision in retail sales activity for March showed that concerns about the absence of purchases of consumer durables were not appropriate. Consumers responded favorably to their improving sentiments, as normally happens in the early stages of recovery, and increased their acquisitions of consumer durables. Second, rapid increases in equity values during the past twelve months have created a very large "wealth effect". Improving consumer sentiment has encouraged consumers to cash in some of their increased wealth holdings. Our estimate of the asset-consumption ratio increased by nearly 7% early in 1983. Such a sharp increase in that ratio almost always is followed by a significant decline in savings activity. Thus, strong consumer spending developed in the second quarter.

While the anticipation of withholding reductions can only stimulate consumption once, purchases out of increased wealth should remain strong through the remainder of this year. However, the maximum degree of intensity from the "wealth effect" probably occurred in the second quarter. This suggests that consumer activity will be slowing significantly in the third and subsequent quarters. Indeed, the household savings rate probably reached its low point in June and will remain comfortably above that level for the remainder of the year.

Of course, household savings are being augmented by increased government deficits in July. Therefore, net savings in the economy actually declined slightly in that month, placing further upward pressures upon interest rates. Fortunately, corporate profits are probably growing more rapidly than corporate outlays. As a result, the corporate sector is adding to the savings pool at the present time. Unfortunately, some acceleration in commodity inflation is beginning to raise inventory profits. While an increase in inventory profits initially improves the liquidity of corporations, it also increases corporate needs for funds in subsequent quarters when inventory must be replaced with materials commanding higher prices. Furthermore, corporate additions to the savings pool are smaller than household and government subtractions from it.

The impact of this savings deficiency upon interest rates has been more intense because spending is relatively interest insensitive at this point in the cycle. Although rising interest rates undoubtedly will begin to reduce housing sales (sales fell by 2.9% to 638,000 single-family units in June), the use of resources for housing depends upon total construction activity. As housing completions only now are approaching 1.4 million at annual rates and housing starts have been averaging nearly 1.8 million units through the first half of this year, a significant gap exists between the two. While rising interest rates undoubtedly will reduce housing activity early in 1984, any moderation in spending for housing construction cannot occur until completions become consistent with prevailing housing starts.

Also, a sharp increase in consumer activity during the second quarter has caused sales to spurt even as inventories were being liquidated. As a result, inventories currently are lean relative to sales in many industries. For example, the automobile industry currently is carrying only a 45 day supply of automobiles at current sales levels. Until inventories overtake sales, production will be more concerned with closing the inventory gap than with responding to any weakening in orders that may be generated by rising rates of interest. Once again, current increases in interest rates will have virtually no effect upon current production decisions. However, higher rates will slow orders and begin to dampen final sales. Once inventories overtake sales, sometime in the fourth quarter, this erosion in orders and sales will begin to exert downward pressures upon the growth of economic activity.

Until these gap closing processes are completed, interest insensitivity will remain unusually high. Thus, near term interest rate relief must come from changes in savings behavior. As mentioned above, consumers probably will not exhaust purchases from increased wealth until the end of this year.

Unfortunately, the politicians mistakenly believe that the strength of the current recovery has diminished the need to reduce government deficits. In fact, the data revisions show that significant operating profits are being generated in state and local coffers. Once those governments realize that current operating budgets are in surplus by $16 billion they will begin to liquidate those excess funds. As the wave of tax-cutting at the state and local level appears to have subsided, a large portion of these operating profits will go toward increased spending. Thus, total government deficits may actually rise as state and local surpluses are being liquidated. Only a concerted effort to reduce federal deficits can provide significant credit market relief from the government sector.

Savings generated by the corporate sector probably are nearing a peak at the present time. Activity has increased more rapidly than expected, leading to more dramatic gains in corporate cash flow than had been anticipated. While cash flow should continue to grow strongly, the rate of increase clearly will be subsiding. In addition, inventory accumulations should begin to surface. With declines in the growth of funds generated internally and increases in outlays, the corporate sector no longer can offset savings deficiencies in the household and government sectors.

Of course, foreign investors can make up any savings deficit. They apparently are doing so, but they must convert their own currencies into dollars. As a result, the value of the dollar has soared on international markets. Unfortunately, the competitiveness of American producers in world economies has plummeted. Current account deficits approaching $50 billion are likely in 1984. This trade debt financing is larger than the total inflow of foreign capital in 1982. At some point, the burden of financing this trade debt will reduce the zeal of foreign investors for American assets.

According to the above analysis, periodic deficiencies of savings will generate interest rate spurts, very much like the current upward movement of rates. The magnitude of those spurts clearly will depend upon the degree of savings deficiency and the interest responsiveness of the underlying economy. As interest responsiveness is unusually low at the present time, the degree of interest rate increase has been unusually brisk. This low level of interest rate responsiveness should continue through the summer months and possibly into the fall.

On the other hand, the economy once again will become more interest responsive as 1984 begins. Because rates will be higher than is consistant with the level of interest sensitive activity at that time, a considerable slowing in economic growth is likely. However, that reduced activity also will reduce interest rate pressures. Thus, economic forecasts which argue that interest rates will be considerably higher a year hence overlook this change in interest rate responsiveness.

Of course, the savings deficiency also can be altered. Unfortunately, the corporate sector probably already is contributing its maximum share of savings to the overall economy for this business cycle. In addition, state and local governments will gradually reduce their operating surpluses now that deficits are no longer feared. Some relief is expected from reduced federal deficits early in 1984 as a significant increase in Social Security taxes virtually eliminates the current cash flow deficit in the Social Security trust accounts. As some of these increased tax receipts undoubtedly will be at the expense of private outlays, the federal government should be helping to reduce claims upon credit markets early in 1984. Ultimately, however, the removal of the current savings deficiency depends upon substantial increases in savings by the consumer sector. Moderate increases definitely are anticipated in the fourth quarter, and they may be sufficient to begin the downward movement of interest rates. A more likely condition is no significant improvement in interest rates until the first quarter of 1984.

The stock market clearly has not responded beneficially to this upward movement in interest rates. In addition, increases in inventory profits have slightly reduced the quality of corporate profits. While interest rates are trending upward, equity values will probably not exceed their already determined highs for this year. If interest rates begin to decline late this year, increased corporate profitability might permit a movement toward new highs very late in 1983. It is more likely, however, that new record highs in the equity markets will be delayed until early 1984. While such an outcome would not be very beneficial to equity investors, it would suggest that the "wealth effect" will be diminishing late this year. Thus, a significant decline in interest rates is likely in the first part of 1984.

Recent Performance

Data revisions account for most of the deviations from forecasted values during the second quarter. Also, consumer activity was much stronger than anticipated three months ago. The reason for this forecasting error is the retail sales report that originally was released for March. That report stated that consumer activity remained weak. Thus, consumption was expected to accelerate gradually during the second quarter. In fact, revised figures show that the consumer already was spending aggressively at the end of the first quarter. We also may have underestimated the magnitude of consumption that would be generated by increased wealth holdings. As a result, we have altered the speed by which consumers adjust their wealth positions to desired levels in comparison to consumer outlays.

Most of the other forecast errors relate directly to the higher than anticipated consumer activity. Tax receipts were understated, wage income was underestimated, personal savings were overstated, and interest rates, which were expected to rise, rose more sharply than had been anticipated.

Higher interest rates and sharp increases in agricultural outlays have led to higher estimates of government expenditures than in previous forecasts. To a significant extent, the increased receipts generated by stronger economic activity are being absorbed by higher government spending on interest, farms, and defense spending. This higher than anticipated expansion of economic activity had no discernible impact upon inflationary pressures. Wage demands are continuing to recede, and are now below levels anticipated three months ago. The Hourly Earnings Index reached a 4.3% year-over-year level in July, the lowest level since 1967. Obviously, such moderation in wages is not expected to persist once the unemployment rate falls sharply and corporate profits rise significantly. Wages will begin to accelerate in the latter part of 1983 and probably will have accelerated by more than a percentage point in 1984. Nevertheless, a one percentage point acceleration in wage rates is not sufficient to re-ignite spectors of double-digit inflation by the end of 1984.

Indeed, the unexpected continued strength of the dollar suggests that an adverse inflationary impact from devaluation will be delayed until the latter part of 1984. Not only is the monetarist claim unfounded that resurging inflation is likely a year hence, but the monetarists must have considerable difficulty explaining why a surplus of dollars at stable prices currently exists in the United States while there is an obvious shortage of dollars in the remainder of the world. Can markets be that segmented, or are the monetarists declaring alarm where none exists?

Forecast Assumptions

Many of the cost containment proposals presented by the President are not expected to be enacted. As a result, our estimated deficits in Table 5 are approximately $10 billion higher for FY 1984 than held by the administration. Moreover, we no longer generate a decrease in deficits in FY 1985 from FY 1984. Part of this change has been caused by estimates of higher interest payments than anticipated in our analysis three months ago. Some of the budgetary assumption are as follows:

a) Social Security taxes are expected to increase to 7.0% for employer and employee in 1984 on a base of $37,500, up from a rate of 6.7% and a base of $35,700 in 1983. Social Security taxes are expected to rise to a rate of 7.05% in 1985 on a base of $40,500.

b) Both military and civilian pay are exected to increase 4% at the beginning of FY 1984 and show a further 5.8% increase in FY 1985. The military is expected to reach a complement of 2.3 million personnel late in 1984. Government payrolls are expected to increase by 15,000 in the next eight quarters.

c) No further PIK program is anticipated. A Post Office stamp increase is expected in the first quarter of 1985.

d) Excise taxes are expected to increase an additional 1% for telephones in the first quarter of 1984. The increase in tobacco excise taxes is not expected to lapse, although current law projects such a change. No further excise tax changes are anticipated in the forecast period. Indeed, no significant tax incentives are anticipated for the remainder of the forecast period. In particular, the taxing of employee benefits is not expected to occur.

Oil prices are expected to average $29 in the world markets in 1984 and rise to a $31 average in 1985. No significant oil disruptions are anticipated. No significant changes in price controls on natural gas are anticipated.

Although strike activity probably will increase sharply in 1984, no major strikes of extended duration are currently contemplated. In particular, the UAW contract scheduled for renewal next September for Ford and General Motors, and for renewal in January for Chrysler, is not expected to generate significant strike activity.

The monetary assumptions contained in Table 6 are consistent with the latest targets presented by the Federal Reserve. No significant change in those targets are contemplated for the remainder of this year, and the Federal Reserve is expected to achieve its money growth targets. In effect, the unusual portfolio swings that have distorted the relationship of money relative to economic activity are expected to be nearing completion. Therefore, the growth rates of most monetary aggregates will now conform much more closely with economic activity than in the past. In effect, the velocity of money has experienced a permanent intercept adjustment but now will reestablish its old growth path.

Conclusion and Summary

Economic expansion currently is expected to remain rapid through the remainder of 1983. Because sales are running ahead of inventories and housing starts have been running far ahead of housing completions, current activity is closing these gaps without significant slowing being caused by rising interest rates. After these gaps have been closed, sometime in the fall, the higher interest rates that have recently developed should lead to a significant slowing in economic activity. While no full scale stall in the recovery is anticipated, a period of pause is quite likely in the early part of 1984.

Unfortunately, this gap closing period of economic expansion is one where the economy is unusually interest insensitive. Therefore, modest changes in savings behavior can lead to dramatic changes in interest rates. A sharp drop in household savings as consumers have been spending their appreciated wealth holdings constitutes just such a savings decline. Therefore, interest rates are expected to rise sharply through the summer before beginning a gradual decline in the fall. A more sustained decline in interest rates is likely early in 1984. However, data revisions reveal higher consumption levels than originally measured. In addition, state and local governments currently are accumulating operating surpluses, which they probably will exhaust through increased financing of government programs. These two changes in the measurement of economic conditions suggest that interest rates will be higher throughout the forecast period than was likely before those revisions were made.

Fortunately, modest wage demands and a strong dollar have combined to restrain the development of inflationary pressures. While inflation will be trending upward, as workers begin to demand higher increases in salaries, these increases should not be greater than a percentage point in the next year.

In summary, the economy is currently experiencing a year of rapid economic expansion as some gaps between sales and production are being eliminated. A period of slower growth should develop in 1984, before some moderation in interest rates permits further economic expansion in 1985. Until something alters the periodic bouts of savings deficiency, such as a dramatic reduction in government deficits, the economic expansion should continue to show the stuttering action that this forecast currently projects.

Table 1.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

U.S. Expenditures for 1983-I and 1982-II with Forecasts for 1983-III through 1985-II

		1983				1984				1985		Percent Change			Annual		
		I	II(P)	III	IV	I	II	III	IV	I	II	81-82	82-83	83-84	1982	1983	1984
1.	Personal Consumption Expenditures	2073.0	2151.3	2200.8	2246.7	2294.6	2343.0	2391.8	2444.5	2494.2	2543.2	7.3	8.8	9.2	1991.9	2168.0	2368.5
2.	Autos and Parts	118.4	134.5	140.8	146.0	151.2	155.8	159.2	162.9	163.8	165.5	12.0	32.8	16.6	101.6	134.9	157.3
3.	Other Durable Goods	140.4	143.6	146.7	150.2	152.6	154.9	157.0	159.5	162.5	165.1	0.1	7.9	7.4	134.6	145.2	156.0
4.	Nondurable Goods	777.1	799.8	811.8	824.8	836.3	850.4	865.1	882.5	899.7	913.5	3.7	5.6	6.9	761.0	803.4	858.6
5.	Services	1037.4	1073.4	1101.5	1125.7	1154.5	1181.9	1210.5	1239.6	1268.2	1299.1	11.2	9.9	10.3	986.4	1084.5	1196.6
6.	Gross Private Domestic Investment	404.1	451.5	495.7	523.7	528.7	536.3	543.4	559.8	567.6	580.1	-12.7	13.1	15.6	414.5	468.8	542.1
7.	Residential Structures	111.3	126.8	137.3	140.9	138.6	136.6	134.7	140.5	147.8	152.0	-13.0	42.2	6.6	90.8	129.1	137.6
8.	Other Structures	132.9	127.7	129.5	130.9	132.9	134.9	137.4	140.0	142.5	144.8	6.4	-8.2	4.6	141.9	130.3	136.3
9.	Producers' Durables	199.3	207.6	214.2	220.3	225.7	231.6	236.2	241.0	244.6	248.0	-5.7	1.9	11.0	206.4	210.4	233.6
10.	Change in Inventories	-39.4	-10.6	14.7	31.6	31.5	33.2	35.1	38.3	32.7	35.3	-	-	-	-24.5	-0.9	34.5
11.	Net Export of Goods and Services	17.0	-12.5	-23.2	-25.5	-21.2	-20.8	-23.2	-23.5	-15.9	-13.9	-	-	-	17.4	-11.1	-22.2
12.	Exports	326.9	321.7	326.3	333.1	343.0	353.3	360.7	370.5	383.8	397.4	-5.7	-5.9	9.1	347.6	327.0	356.9
13.	Imports	309.9	334.3	349.5	358.6	364.2	374.1	383.9	394.0	399.7	411.3	-3.6	2.4	12.1	330.2	338.1	379.1
14.	Government Purchases of Goods and Services	677.4	683.3	698.0	714.9	744.4	766.6	787.7	812.7	830.1	849.5	9.0	6.8	12.2	649.2	693.4	777.9
15.	Federal	273.5	274.8	278.9	285.0	303.8	315.3	325.4	340.5	347.5	357.2	12.9	7.5	15.5	258.7	278.1	321.3
16.	National Defense	194.4	201.9	206.0	215.1	223.3	231.6	239.2	254.1	262.4	272.4	16.5	13.9	16.0	179.4	204.4	237.1
17.	Other, including NASA	79.1	72.8	72.9	69.9	80.5	83.7	86.2	86.4	85.1	84.8	5.4	-7.9	14.2	79.3	73.7	84.2
18.	State and Local	404.0	408.6	419.1	429.9	440.6	451.3	462.3	472.2	482.6	492.3	6.6	6.4	9.9	390.5	415.4	456.6
19.	Gross National Product	3171.5	3273.7	3371.3	3459.8	3546.5	3625.1	3699.7	3793.5	3876.0	3958.9	4.0	8.0	10.5	3073.0	3319.1	3666.2
20.	Amount of Change	61.9	102.2	97.6	88.5	86.7	78.6	74.6	93.8	82.5	82.9	-	-	-	118.9	248.8	347.1
21.	% Change*	8.2	13.5	12.5	10.9	10.4	9.2	8.5	10.5	9.0	8.8	-	-	-	4.0	8.1	10.5
22.	% Real Change*	2.6	8.7	7.5	5.5	4.8	4.0	3.2	4.3	2.9	3.2	-	-	-	-1.9	3.2	5.1
23.	% Price Change*	5.5	4.5	4.6	5.2	5.4	5.0	5.2	6.0	5.9	5.4	-	-	-	6.0	4.7	5.1
24.	Implicit Price Deflator	212.83	215.17	217.60	220.37	223.27	225.99	228.86	232.20	235.54	238.66	-	-	-	206.88	216.5	227.6
25.	Change in Final Sales	45.0	73.3	72.3	71.6	86.8	76.9	72.7	90.6	88.1	80.3	-	-	-	161.9	222.5	311.7
26.	GNP in 1972 Dollars	1490.1	1521.4	1549.3	1570.0	1588.4	1604.1	1616.6	1633.7	1645.6	1658.8	-	-	-	1485.4	1532.7	1610.7

* Annual Rate
(P) Preliminary

Table 2.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

U.S. Expenditures for 1983-I and 1983-II with Forecasts for 1983-III through 1985-II

		1983				1984				1985		Percent Change			Annual		
		I	II(P)	III	IV	I	II	III	IV	I	II	81-82	82-83	83-84	1982	1983	1984
1.	Personal Consumption Expenditures	986.7	1010.5	1023.0	1032.8	1042.0	1050.7	1058.6	1067.3	1073.6	1080.3	1.4	4.4	4.1	970.2	1013.2	1054.7
2.	Durable Goods	145.8	156.4	160.5	164.1	167.0	169.5	170.9	172.4	172.4	173.0	-0.9	12.1	8.5	139.8	156.7	170.0
3.	Nondurable Goods	368.9	374.3	377.0	379.4	380.7	382.3	383.9	386.4	388.6	390.0	0.5	2.9	2.2	364.2	374.9	383.3
4	Services	472.0	479.8	485.5	489.3	494.3	498.9	503.8	508.5	512.6	517.3	2.9	3.3	4.1	466.2	481.7	501.4
5.	Gross Private Domestic Investment	190.0	208.5	224.9	234.5	234.7	236.2	237.2	241.8	242.0	244.1	-14.5	10.3	10.7	194.5	214.5	237.5
6.	Residential Structures	45.5	51.2	54.5	55.4	54.0	52.9	51.9	53.5	55.3	56.0	-15.4	36.8	2.7	37.8	51.7	53.1
7.	Other Structures	50.3	48.5	48.8	49.0	49.4	49.7	50.1	50.5	50.8	51.0	1.8	-7.9	1.4	53.4	49.2	49.9
8.	Producers' Durables	109.6	113.3	115.9	118.1	120.0	121.9	123.2	124.5	125.2	125.5	-7.5	1.3	7.2	112.7	114.2	122.4
9.	Change in Inventories	-15.4	-4.5	5.7	12.0	11.3	11.7	12.0	13.3	10.7	11.6	-	-	-	-9.4	-0.6	12.1
10.	Net Export of Goods and Services	20.5	10.2	6.5	5.9	7.9	8.5	8.0	8.3	11.8	13.2	-	-	-	28.9	10.8	8.2
11.	Exports	137.3	134.2	135.3	136.7	139.0	141.2	142.4	144.2	147.6	151.0	-7.8	-7.7	4.3	147.3	135.9	141.7
12.	Imports	116.8	124.0	128.8	130.8	131.1	132.7	134.4	135.9	135.8	137.8	1.4	5.7	6.7	118.4	125.1	133.5
13.	Government Purchases of Goods & Services	292.9	292.2	294.9	296.8	303.8	308.7	312.8	316.3	318.2	321.2	1.8	0.8	5.5	291.8	294.2	310.4
14.	Federal	118.4	118.2	119.2	119.5	125.0	128.4	131.1	133.5	134.6	136.8	5.6	1.9	9.0	116.6	118.8	129.5
15.	State & Local	174.5	174.0	175.7	177.3	178.8	180.3	181.7	182.8	183.6	184.4	-0.5	0.1	3.1	175.2	175.4	180.9
16.	Gross National Product	1490.1	1521.4	1549.3	1570.0	1588.4	1604.1	1616.6	1633.7	1645.6	1658.8	-1.9	3.2	5.1	1485.4	1532.7	1610.7
17.	Final Demand	1505.5	1525.9	1543.6	1558.0	1577.1	1592.4	1604.6	1620.4	1634.9	1647.2	-0.7	2.6	4.3	1494.8	1533.3	1598.6
18.	Private Domestic Product	1313.3	1345.1	1372.9	1392.6	1411.0	1425.8	1436.4	1452.9	1463.6	1475.5	-2.0	3.8	5.6	1306.2	1356.0	1431.5

Table 3.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Income Related U.S. GNP Components for 1983-I and 1983-II with Forecasts for 1983-III through 1985-II

	1983				1984				1985		Percent Change			Annual		
	I	II(P)	III	IV	I	II	III	IV	I	II	81-82	82-83	83-84	1982	1983	1984
1. Compensation of Employees	1923.7	1969.9	2022.5	2071.4	2126.3	2170.2	2212.4	2264.5	2317.0	2364.6	5.5	7.0	9.8	1865.7	1996.9	2193.4
2. Wage and Salary	1610.7	1649.6	1691.5	1730.9	1767.3	1802.1	1835.4	1877.4	1916.1	1954.0	5.0	6.5	9.0	1568.1	1670.7	1820.6
3. Manufacturing	385.4	396.9	407.4	416.4	425.0	433.3	441.3	449.9	458.4	466.9	-0.1	4.6	8.9	383.8	401.5	437.4
4. Other Commodity-Producing Industries	123.2	125.7	132.6	136.3	138.6	141.7	143.7	147.4	151.0	154.6	1.0	3.3	10.3	125.4	129.5	142.9
5. Distributive Industries	386.4	394.9	403.6	411.1	419.3	426.5	433.4	441.2	449.8	458.0	4.8	5.3	7.8	378.8	399.0	430.1
6. Service Industries	396.4	407.5	419.7	430.6	441.9	452.7	463.3	474.9	486.8	498.6	10.8	10.6	10.8	374.1	413.6	458.2
7. Military	42.4	42.5	42.5	44.5	44.6	44.8	44.9	47.9	48.2	48.4	13.6	5.1	6.0	40.9	43.0	45.6
8. Civilian Government	276.8	282.1	285.7	292.0	297.9	303.1	308.8	316.1	321.9	327.5	6.7	7.2	7.8	265.1	284.2	306.5
9. Supplements	313.1	321.6	331.0	340.5	359.0	368.1	377.0	387.1	400.9	410.6	7.8	9.7	14.1	297.6	326.6	372.8
10. Proprietors' Income	120.6	130.1	137.5	145.2	142.8	148.0	150.3	153.6	151.5	154.2	-9.3	22.4	11.5	109.0	133.4	148.7
11. Business & Professional	98.4	106.0	111.0	115.9	119.3	122.3	123.7	125.3	126.9	128.4	-29.5	23.3	13.8	87.4	107.8	122.7
12. Farm	22.2	24.1	26.5	29.3	23.5	25.7	26.6	28.3	24.6	25.8	-2.6	18.6	2.0	21.5	25.5	26.0
13. Rental Income	54.1	54.8	55.5	56.2	57.0	57.8	58.7	59.6	60.6	61.6	20.5	10.6	5.6	49.9	55.2	58.3
14. Net Interest	248.3	244.4	247.8	251.5	258.9	264.7	271.1	277.9	284.3	290.8	4.5	-5.0	8.1	261.1	248.0	268.2
15. Corporate Profits Adj.	181.8	208.2e	228.7	244.5	250.3	258.6	267.3	275.5	276.8	284.7	-14.3	30.9	21.8	164.8	215.8	262.9
16. National Income	2528.5	2607.4e	2692.0	2768.8	2835.3	2899.3	2959.8	3031.1	3090.2	3155.9	3.3	8.1	10.7	2450.4	2649.2	2931.4
17. Indirect Business Tax	270.6	285.1	292.3	299.2	305.9	311.7	317.6	323.9	330.1	336.0	3.3	11.0	9.8	258.3	286.8	314.8
18. Capital Consumption Adj.	29.1	17.7	11.9	7.3	4.5	3.1	2.3	2.2	2.6	2.9	-19.5	-64.6	-81.8	46.6	16.5	3.0
19. Capital Consumption Alw.	341.8	356.7	369.2	381.4	392.7	403.9	415.1	427.0	438.5	449.9	15.1	15.9	13.1	312.6	362.3	409.7
20. Business Transfers	15.0	15.3	15.6	16.0	16.3	16.6	17.0	17.3	17.7	18.1	9.3	9.9	8.4	14.1	15.5	16.8
21. Net Govt. Subsidies	-12.3	-11.2	-13.4	-16.8	-13.7	-11.8	-9.8	-9.9	-9.0	-9.2	-	-	-	-9.5	-13.4	-11.3
22. Statistical Discrepancy	-1.2	2.7e	3.7	3.9	5.5	2.3	-2.3	1.9	5.9	5.3	-	-	-	0.5	2.3	1.9
23. Gross National Product	3171.5	3273.7	3371.3	3459.8	3546.5	3625.1	3699.7	3793.5	3876.0	3958.9	4.0	8.0	10.5	3073.0	3319.1	3666.2

e = Estimate

Table 4.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Derivation of U.S. Personal Income for 1983-I and 1983-II with Forecasts for 1983-III through 1985-II

	1983				1984				1985		Percent Change			Annual		
	I	II(P)	III	IV	I	II	III	IV	I	II	81-82	82-83	83-84	1982	1983	1984
1. National Income	2528.5	2607.4e	2692.0	2768.8	2835.3	2899.3	2959.8	3031.1	3090.2	3155.9	3.3	8.1	10.7	2450.4	2649.2	2931.4
2. Less: Corp. Profits Adj.	181.8	208.2e	228.7	244.5	250.3	258.6	267.3	275.5	276.8	284.7	-14.3	30.9	21.8	164.8	215.8	262.9
3. Social Insurance	265.3	270.1	276.0	282.1	303.9	309.1	313.9	320.4	334.8	340.7	6.7	8.1	14.0	252.9	273.4	311.8
4. Plus: Government Transfers	383.5	387.8	388.1	389.3	398.1	399.6	401.4	403.2	415.3	417.9	11.1	7.4	3.5	360.4	387.2	400.6
5. Old Age, Survivors, etc	217.4	220.8	222.9	225.0	231.6	233.7	236.0	238.2	246.5	248.7	12.4	8.3	6.0	204.5	221.5	234.9
6. Unemployment Benefits	29.0	27.9	24.8	23.6	22.2	21.2	20.5	19.6	19.3	18.7	59.0	6.0	-20.5	24.8	26.3	20.9
7. Veterans' Benefits	16.9	16.5	16.6	16.6	16.7	16.6	16.6	16.7	16.9	16.8	1.9	1.8	0.0	16.4	16.7	16.7
8. Employees' Retirement	56.6	58.3	59.5	60.1	62.7	63.5	64.3	65.0	67.9	68.7	9.9	8.1	9.0	54.2	58.6	63.9
9. A.F.D.C.	14.1	14.5	14.6	14.6	14.8	14.8	14.9	14.9	15.2	15.3	-0.7	8.2	2.8	13.4	14.5	14.9
10. Other	49.5	49.8	49.7	49.4	50.1	49.8	49.1	48.8	49.5	49.7	-1.7	5.3	-0.2	47.1	49.6	49.5
11. Business Transfers	15.0	15.3	15.6	16.0	16.3	16.6	17.0	17.3	17.7	18.1	9.3	9.9	8.4	14.1	15.5	16.8
12. Interest Transfers	109.0	112.2	116.1	122.6	129.5	133.9	137.5	141.7	146.8	151.4	14.9	9.5	18.0	105.0	115.0	135.7
13. Personal Dividends	68.8	69.3	70.2	71.3	72.5	73.9	75.5	77.0	78.6	80.2	5.7	5.3	6.9	66.4	69.5	74.7
14. Equals: Personal Income	2657.7	2715.0	2777.3	2841.4	2897.5	2955.6	3010.0	3074.4	3137.0	3198.1	5.9	6.6	8.6	2578.6	2747.9	2984.4
15. Less: Personal Tax Payments	401.8	412.2	402.3	412.3	417.6	421.7	433.1	445.3	457.1	470.0	3.8	1.3	5.5	402.1	407.2	429.4
16. Equals: Disposable Personal Income	2255.9	2302.8	2375.0	2429.1	2479.9	2533.9	2576.9	2629.1	2679.9	2728.1	6.3	7.5	9.2	2176.5	2340.7	2555.0
17. Less: Consumption	2073.0	2151.3	2200.8	2246.7	2294.6	2343.0	2391.8	2444.5	2494.2	2543.2	7.3	8.8	9.2	1991.9	2168.0	2368.5
18. Less: Other Outlays	61.2	62.2	62.8	63.8	64.7	65.8	67.0	68.2	69.3	70.5	7.2	5.6	6.2	59.2	62.5	66.4
19. Equals: Personal Savings	121.7	89.4	111.4	118.6	120.6	125.1	118.1	116.4	116.4	114.4	-7.3	-12.0	8.9	125.4	110.3	120.1
20. Savings Rate (%)	5.4	3.9	4.7	4.9	4.9	4.9	4.6	4.4	4.3	4.2	-	-	-	5.8	4.7	4.7

Table 5.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

U.S. Federal Government Activity for 1983-I and 1983-II with Forecasts for 1983-III through 1985-II

	1983				1984				1985		Percent Change			Annual		
	I	II(P)	III	IV	I	II	III	IV	I	II	81-82	82-83	83-84	1982	1983	1984
1. Government Receipts	623.3	647.0e	646.0	663.2	689.2	697.5	712.9	730.8	755.3	772.1	-1.5	4.5	9.7	617.4	644.9	707.6
2. Personal Tax & Non-Tax	297.7	303.9	290.5	297.5	300.3	301.6	310.5	319.5	328.7	338.4	2.0	-2.4	3.6	304.7	297.4	308.0
3. Corporate Profits Tax	48.6	55.3e	61.0	64.4	65.6	67.9	69.7	72.4	73.7	75.4	-31.1	23.2	20.2	46.5	57.3	68.9
4. Indirect Business Tax	48.6	55.3	57.0	58.7	59.9	60.5	61.2	61.9	62.6	63.3	-14.4	13.7	10.9	48.3	54.9	60.9
5. Contributions for Social Security	228.5	232.5	237.5	242.6	263.4	267.5	271.5	277.0	290.3	295.0	6.6	8.0	14.7	217.9	235.3	269.9
6. Government Expenditures	806.6	815.2	825.8	843.9	875.4	890.2	902.6	923.3	945.1	961.1	10.9	7.7	9.1	764.4	822.9	897.9
7. Purchases of Goods and Services	273.5	274.8	278.9	285.0	303.8	315.3	325.4	340.5	347.5	357.2	12.9	7.5	15.5	258.7	278.1	321.3
8. Defense	194.4	201.9	206.0	215.1	223.3	231.6	239.2	254.1	262.4	272.4	16.5	13.9	16.0	179.4	204.4	237.1
9. Durables	55.3	61.2	63.0	67.2	71.3	75.5	79.8	85.3	89.5	94.4	22.8	24.4	26.4	49.6	61.7	78.0
10. Nondurables	14.8	14.0	14.3	14.6	15.0	15.3	15.5	16.0	16.4	16.8	8.7	5.1	7.6	13.7	14.4	15.5
11. Military Compensation	42.4	42.5	42.5	44.5	44.6	44.8	44.9	47.9	48.2	48.4	13.6	5.1	6.0	40.9	43.0	45.6
12. Civilian Compensation	29.1	29.2	29.3	29.9	30.6	30.8	31.0	32.4	32.8	33.0	9.1	6.9	6.1	27.5	29.4	31.2
13. Other Services	48.8	51.0	52.7	54.5	57.3	60.5	63.1	67.4	70.2	74.2	19.7	18.3	19.9	43.8	51.8	62.1
14. Structures	3.9	4.1	4.2	4.4	4.5	4.7	4.9	5.1	5.3	5.6	18.8	10.5	14.3	3.8	4.2	4.8
15. Nondefense	79.1	72.8	72.9	69.9	80.5	83.7	86.2	86.4	85.1	84.8	5.5	-7.1	14.2	79.3	73.7	84.2
16. Durables	3.5	3.5	3.6	3.7	3.8	3.9	4.1	4.2	4.3	4.3	19.2	16.1	11.1	3.1	3.6	4.0
Nondurables																
17. CCC Inventory Change	4.3	-2.6	-4.3	-8.3	0.9	3.5	5.2	3.3	1.1	0.2	-	-	-	9.2	-2.7	3.2
18. Other Nondurables	6.0	6.6	6.9	6.9	7.1	7.3	7.4	7.5	7.6	7.8	-	-	-	5.2	6.6	7.3
19. Compensation	34.1	34.1	34.3	35.1	35.7	35.8	35.9	37.4	37.8	38.0	3.8	5.2	5.2	32.7	34.4	36.2
20. Other Services	24.4	24.6	25.9	26.0	26.3	26.6	26.9	27.2	27.3	27.6	0.0	13.0	6.3	22.3	25.2	26.8
21. Structures	6.8	6.4	6.5	6.5	6.7	6.6	6.7	6.8	7.0	6.9	-9.5	-1.5	1.5	6.7	6.6	6.7
22. Transfer Payments	340.3	343.5	343.2	344.2	352.4	352.8	353.5	354.6	365.3	366.8	12.0	6.8	3.1	321.1	342.8	353.3
23. Grants-in-Aid to State and Local Governments	85.8	86.5	88.1	89.5	90.3	90.9	91.7	92.3	93.0	93.6	-4.6	4.3	4.3	83.9	87.5	91.3
24. Net Interest Paid	88.4	91.6	95.7	101.8	108.6	112.7	115.4	119.0	123.2	127.1	16.0	11.2	20.7	84.9	94.4	113.9
25. Deficit of Government Enterprises	18.6	17.7	19.9	23.4	20.3	18.5	16.6	16.9	16.1	16.4	27.4	25.9	-9.0	15.8	19.9	18.1
26. Federal Surplus	-183.3	-168.2e	-179.8	-180.7	-186.2	-192.7	-189.7	-192.5	-189.8	-189.0	-	-	-	-147.1	-178.0	-190.3
27. Federal Debt Held by Individuals (EOP)	906.6	958.8e	1017.2	1064.5	1121.3	1159.8	1220.2	1270.2	1331.4	1367.8	22.2	25.4	19.3	848.4	1064.5	1270.2
28. Total Government Surplus	-142.9	-116.4e	-124.9	-125.1	-131.4	-138.7	-137.4	-139.3	-137.7	-136.7	-	-	-	-113.9	-127.3	-136.7

Table 6.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Selected Economic Variables of the U.S. Economy for 1983-I and 1983-II with Forecasts for 1983-III through 1985-II

	1983				1984				1985		Percent Change			Annual		
	I	II	III	IV	I	II	III	IV	I	II	81-82	82-83	83-84	1982	1983	1984
Private Economy																
1. Changes in Private Hourly Wage Costs	6.4	3.9	5.1	5.9	8.4	6.1	5.7	6.3	7.8	6.6	7.9	5.7	6.4	-	-	-
2. Change in Output Per Worker Hr.	2.1	3.0	1.8	2.0	2.3	1.5	0.6	1.9	0.8	1.1	0.9	2.6	1.8	-	-	-
3. Change in Implicit Unit Labor Costs	4.3	0.8	3.3	3.9	6.1	4.5	5.1	4.3	6.9	5.4	7.0	3.0	4.4	-	-	-
4. Change in Adjusted Price Deflator	6.0	4.1	4.0	4.3	6.2	4.7	5.0	5.2	6.4	5.3	6.3	4.9	5.0	-	-	-
Prices																
5. Consumer Price Index	293.5	296.8	299.6	302.7	306.6	310.9	314.9	319.1	323.9	328.2	6.2	3.1	4.9	289.1	298.2	312.9
6. Industrial Commod. (PPI)	313.7	313.9	317.0	320.5	324.1	327.8	331.9	336.2	341.5	346.6	2.7	1.3	4.3	312.3	316.3	330.0
Corporate Economy																
7. After Tax Profit	108.2	122.9	136.5	146.4	146.2	151.5	158.2	164.4	167.2	172.6	-20.1	11.6	20.7	115.1	128.5	155.1
8. Inventory Profits	1.7	8.5	13.8	16.2	13.6	14.9	15.9	17.9	21.7	22.0	-64.4	20.2	54.5	8.4	10.1	15.6
9. Genuine Profits	120.3	137.4e	150.1	161.1	165.4	170.7	176.9	181.5	181.1	186.6	-3.6	34.7	22.1	105.6	142.2	173.6
10. Mean Closing - Dow Jones	1093.7	1196.1	1221.4	1224.5	1276.4	1216.5	1266.3	1293.3	1325.3	1313.4	-5.4	34.1	6.7	882.6	1183.9	1263.1
11. Mean Closing - NY Composite	85.16	93.69	96.43	98.11	103.02	99.47	104.26	108.25	113.67	110.98	-7.0	35.6	11.2	68.86	93.35	103.8
Financial																
12 Monetary Base	187.6	192.8	195.8	199.0	202.3	205.8	209.3	212.8	216.3	219.7	11.7	9.1	7.1	177.6	193.8	207.6
13. Checkable Deposits	354.7	366.1	373.9	379.4	385.7	392.0	397.1	403.7	409.1	414.9	6.3	11.8	7.1	329.6	368.5	394.6
14. M1	490.3	505.3	515.2	523.1	531.7	540.4	548.0	557.1	565.1	573.3	6.5	11.0	7.0	458.0	508.5	544.3
15. Velocity of M1	6.378	6.393	6.458	6.526	6.583	6.620	6.658	6.716	6.761	6.803	-2.2	-2.5	3.2	6.606	6.440	6.645
16. M2	2043.6	2095.7	2140.6	2188.2	2238.9	2291.8	2340.1	2397.1	2450.4	2506.1	9.4	12.7	9.4	1878.4	2117.0	2317.0
17. Velocity of M2	1.530	1.541	1.554	1.560	1.563	1.561	1.559	1.561	1.559	1.556	-4.8	-4.0	0.9	1.611	1.547	1.561
18. Federal Funds	8.65	8.80	9.43	9.72	9.46	9.22	9.05	9.12	8.73	8.56	-25.9	-25.4	0.7	12.26	9.15	9.21
19. Prime Rate	10.88	10.50	11.06	11.93	12.00	11.62	11.50	11.50	11.04	10.50	-21.3	-25.4	5.1	14.86	11.09	11.66
20. 6 Month T-Bills	8.18	8.47	9.40	9.85	9.15	8.86	8.69	8.77	8.37	8.12	-19.7	-18.9	-1.2	11.07	8.98	8.87
21. Seasoned AAA Corp.	11.84	11.57	12.33	12.68	12.46	12.16	11.78	11.75	11.52	11.37	-2.7	9.4	-0.6	11.07	12.11	12.04
22. Savings Capital S&L	590.6	602.2	612.3	625.8	635.5	649.8	666.3	681.8	699.5	719.6	4.7	12.4	8.3	540.7	607.7	658.4
Miscellaneous																
23. Housing Starts	1694	1684	1748	1612	1566	1458	1509	1604	1689	1706	-4.0	58.4	-8.9	1064	1685	1534
24. Single Family Starts	1079	1097	1176	1103	1078	986	1024	1096	1153	1142	-5.4	67.5	-8.1	665	1114	1046
25. Unit Auto Sales	8.63	9.47	9.97	10.23	10.49	10.72	10.75	10.91	10.75	10.70	-6.5	19.3	11.7	8.03	9.58	10.70
26. Civilian Employment	99090	99933	101350	102280	103056	103768	104423	105077	105628	106201	-0.9	1.1	3.4	99530	100663	104081
27. Unemployment Rate	10.3	10.1	9.4	9.1	8.7	8.5	8.3	8.1	8.0	7.8	27.6	0.0	-12.4	9.7	9.7	8.5
28. Industrial Production Index	138.5	144.3	148.2	151.2	152.9	154.3	155.0	156.7	157.5	158.2	-8.1	5.0	6.3	138.7	145.6	154.7
29. Asset-Consumption Ratio	3.147	3.134	3.111	3.091	3.099	3.059	3.065	3.062	3.082	3.058	-1.5	4.1	-1.6	2.998	3.121	3.071

Table 7.1.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Change in Outlook on Significant Variables

		1983				1984				1985	
		I	II	III	IV	I	II	III	IV	I	II
	Gross National Product										
1.	Available May 1983	3176.7									
2.	Available August 1983	3171.5	3273.7								
3.	Forecast August 1983			3371.3	3459.8	3546.5	3625.1	3699.7	3793.5	3876.0	3958.9
4.	Forecast May 1983		3255.5	3340.1	3408.0	3487.2	3565.5	3652.5	3742.4	3823.8	
5.	Forecast February 1983	3159.1	3254.0	3323.5	3418.4	3490.5	3578.3	3662.7	3743.7		
6.	Forecast November 1982	3207.1	3273.3	3351.2	3423.2	3507.1	3579.3	3643.5			
7.	Forecast August 1982	3288.8	3371.6	3454.3	3536.2	3612.4	3677.5				
8.	Forecast May 1982	3325.6	3405.3	3493.1	3564.5	3617.7					
9.	Forecast February 1982	3360.3	3447.9	3529.2	3619.8						
10.	Forecast November 1981	3364.5	3463.8	3550.0							
11.	Forecast August 1981	3443.2	3520.2								
	Implicit Price Deflator										
12.	Available May 1983	213.41									
13.	Available August 1983	212.83	215.17								
14.	Forecast August 1983			217.60	220.37	223.27	225.99	228.86	232.20	235.54	238.66
15.	Forecast May 1983		216.24	218.35	221.05	223.94	226.68	229.51	232.78	235.94	
16.	Forecast February 1983	213.16	216.49	219.30	222.38	225.47	228.57	231.92	235.54		
17.	Forecast November 1982	214.22	217.21	220.08	223.02	225.94	229.15	232.16			
18.	Forecast August 1982	217.25	220.70	224.01	227.80	231.40	235.00				
19.	Forecast May 1982	215.72	219.09	222.56	226.23	229.45					
20.	Forecast February 1982	218.27	221.54	225.11	229.35						
21.	Forecast November 1981	219.34	223.77	228.27							
22.	Forecast August 1981	218.70	223.19								
	GNP in 1972 Dollars										
23.	Available May 1983	1488.5									
24.	Available August 1983	1490.1	1521.4								
25.	Forecast August 1983			1549.3	1570.0	1588.4	1604.1	1616.6	1633.7	1645.6	1658.8
26.	Forecast May 1983		1505.5	1529.7	1541.7	1557.2	1572.9	1591.4	1607.7	1620.7	
27.	Forecast February 1983	1482.0	1503.1	1515.5	1537.2	1548.1	1565.5	1579.3	1589.4		
28.	Forecast November 1982	1497.1	1507.0	1522.7	1534.9	1552.2	1561.0	1569.4			
29.	Forecast August 1982	1513.8	1527.7	1542.0	1552.3	1561.1	1564.9				
30.	Forecast May 1982	1541.6	1554.3	1569.5	1575.6	1576.7					
31.	Forecast February 1982	1539.5	1556.3	1567.8	1578.3						
32.	Forecast November 1981	1533.9	1547.9	1555.2							
33.	Forecast August 1981	1574.4	1577.2								

Table 7.2.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Change in Outlook on Significant Variables

	1983				1984				1985	
	I	II	III	IV	I	II	III	IV	I	II
Personal Consumption										
34. Available May 1983	2054.0									
35. Available August 1983	2073.0	2151.3								
36. Forecast August 1983			2200.8	2246.7	2294.6	2343.0	2391.8	2444.5	2494.2	2543.2
37. Forecast May 1983		2096.5	2141.5	2186.2	2231.4	2276.5	2327.0	2376.1	2425.0	
38. Forecast February 1983	2066.5	2106.2	2151.9	2202.4	2246.6	2295.0	2346.5	2398.2		
39. Forecast November 1982	2072.9	2116.4	2156.7	2200.2	2244.1	2289.0	2335.0			
40. Forecast August 1982	2095.8	2146.5	2199.4	2252.7	2304.9	2355.6				
41. Forecast May 1982	2127.1	2181.0	2032.3	2282.7	2382.2					
42. Forecast February 1982	2141.3	2188.4	2241.8	2299.3						
43. Forecast November 1981	2170.5	2231.3	2292.0							
44. Forecast August 1981	2192.8	2255.9								
Gross Private Domestic Investment										
45. Available May 1983	430.6									
46. Available August 1983	404.1	451.5								
47. Forecast August 1983			495.7	523.7	528.7	536.3	543.4	559.8	567.6	580.1
48. Forecast May 1983		462.6	496.3	507.6	526.1	538.7	558.6	571.7	580.6	
49. Forecast February 1983	420.4	451.9	466.5	497.1	513.1	529.2	546.5	553.5		
50. Forecast November 1982	443.0	455.1	482.7	498.8	520.5	528.5	531.7			
51. Forecast August 1982	484.3	502.1	513.4	527.2	538.8	541.3				
52. Forecast May 1982	505.7	517.9	534.0	534.2	531.1					
53. Forecast February 1982	508.8	536.2	544.5	554.4						
54. Forecast November 1981	493.9	510.8	516.6							
55. Forecast August 1981	548.6	542.5								
Government Purchases of Goods and Services										
56. Available May 1983	675.5									
57. Available August 1983	677.4	683.3								
58. Forecast August 1983			698.0	714.9	744.4	766.6	787.7	812.7	830.1	849.5
59. Forecast May 1983		685.6	702.8	716.7	732.8	752.3	770.6	796.5	816.2	
60. Forecast February 1983	676.9	690.3	703.5	717.9	732.4	747.3	762.7	786.2		
61. Forecast November 1982	679.4	691.3	704.2	722.6	736.1	749.4	762.6			
62. Forecast August 1982	681.7	695.6	711.9	730.2	744.4	759.1				
63. Forecast May 1982	675.7	688.2	704.8	726.7	741.9					
64. Forecast February 1982	689.8	708.0	726.7	750.8						
65. Forecast November 1981	689.8	707.8	726.1							
66. Forecast August 1981	690.3	707.1								

Table 7.3.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Change in Outlook on Significant Variables

		1983				1984				1985	
		I	II	III	IV	I	II	III	IV	I	II
	Corporate Profits										
67.	Available May 1983	186.7e									
68.	Available August 1983	181.8	208.2e								
69.	Forecast August 1983			228.7	244.5	250.3	258.6	267.3	275.5	276.8	284.7
70.	Forecast May 1983		203.4	216.9	223.1	231.1	240.3	252.3	261.9	270.3	
71.	Forecast February 1983	175.2	188.6	198.8	211.8	212.9	224.8	234.6	242.4		
72.	Forecast November 1982	183.3	192.4	201.1	211.9	218.8	222.4	224.3			
73.	Forecast August 1982	189.8	204.2	206.1	208.3	212.6	213.1				
74.	Forecast May 1982	190.0	200.2	209.5	212.4	201.4					
75.	Forecast February 1982	200.9	211.8	223.8	230.7						
76.	Forecast November 1981	193.0	203.6	211.2							
77.	Forecast August 1981	215.6	216.5								
	Disposable Personal Income										
78.	Available May 1983	2247.0									
79.	Available August 1983	2255.9	2302.8								
80.	Forecast August 1983			2375.0	2429.1	2479.9	2533.9	2576.9	2629.1	2679.9	2728.1
81.	Forecast May 1983		2289.0	2347.0	2396.7	2443.0	2492.0	2537.2	2591.0	2643.2	
82.	Forecast February 1983	2254.2	2302.3	2359.7	2404.9	2452.0	2502.1	2541.3	2591.0		
83.	Forecast November 1982	2260.8	2301.3	2363.6	2405.1	2436.0	2485.3	2529.4			
84.	Forecast August 1982	2311.2	2351.5	2432.6	2480.8	2523.6	2568.6				
85.	Forecast May 1982	2323.6	2366.2	2449.8	2497.7	2535.8					
86.	Forecast February 1982	2320.4	2364.6	2453.0	2504.0						
87.	Forecast November 1981	2342.0	2388.2	2462.6							
88.	Forecast August 1981	2364.7	2409.3								
	Personal Savings										
89.	Available May 1983	131.9									
90.	Available August 1983	121.7	89.4								
91.	Forecast August 1983			111.4	118.6	120.6	125.1	118.1	116.4	116.4	114.4
92.	Forecasst May 1983		130.6	142.7	146.6	146.8	149.5	143.0	146.4	148.5	
93.	Forecast February 1983	127.7	135.8	147.2	141.2	143.3	144.0	130.6	127.5		
94.	Forecast November 1982	126.9	123.2	144.5	141.5	127.6	131.0	128.2			
95.	Forecast August 1982	154.4	143.1	170.5	164.4	154.2	147.8				
96.	Forecast May 1982	151.4	129.0	160.4	156.9	148.7					
97.	Forecast February 1982	122.1	118.1	151.9	143.9						
98.	Forecast November 1981	113.9	97.6	110.2							
99.	Forecast August 1981	117.1	97.7								

Table 7.4.

Change in Outlook on Significant Variables

	1983				1984				1985	
	I	II	III	IV	I	II	III	IV	I	II
Federal Government Receipts										
100. Available May 1983	625.0e									
101. Available August 1983	623.3	647.0e								
102. Forecast August 1983			646.0	663.2	689.2	697.5	712.9	730.8	755.3	772.1
103. Forecast May 1983		638.7	640.6	652.7	677.1	687.7	704.7	721.2	743.1	
104. Forecast February 1983	620.6	634.4	632.7	650.9	676.6	691.5	712.3	728.9		
105. Forecast November 1982	638.2	648.6	642.5	658.8	697.1	708.4	725.3			
106. Forecast August 1982	659.1	675.7	665.2	683.8	706.3	718.1				
107. Forecast May 1982	660.0	677.0	668.6	686.0	705.3					
108. Forecast February 1982	683.9	701.7	690.2	710.3						
109. Forecast November 1981	689.2	711.2	698.2							
110. Forecast August 1981	707.7	727.9								
Federal Government Expenditures										
111. Available May 1983	802.2									
112. Available August 1983	806.6	815.2								
113. Forecast August 1983			825.8	843.9	875.4	890.2	902.6	923.3	945.1	961.1
114. Forecast May 1983		806.8	821.7	835.2	854.1	863.7	875.1	896.6	919.7	
115. Forecast February 1983	807.6	810.9	817.4	828.1	846.7	856.9	868.4	888.8		
116. Forecast November 1982	793.2	798.6	809.8	822.3	831.2	841.8	857.3			
117. Forecast August 1982	784.3	794.0	813.6	825.9	834.4	847.3				
118. Forecast May 1982	785.0	793.6	813.5	832.4	843.4					
119. Forecast February 1982	788.7	799.7	824.1	841.7						
120. Forecast November 1981	774.2	786.7	810.5							
121. Forecast August 1981	762.9	773.3								
Surplus for All Governments										
122. Available May 1983	-135.8e									
123. Available August 1983	-142.9	-116.4e								
124. Forecast August 1983			-124.9	-125.1	-131.4	-138.7	-137.4	-139.3	-137.7	-136.7
125. Forecast May 1983		-122.7	-133.7	-133.5	-128.1	-126.8	-119.6	-123.0	-124.1	
126. Forecast February 1983	149.9	-136.1	-142.0	-131.6	-123.9	-117.6	-106.7	-110.1		
127. Forecast November 1982	-118.7	-113.4	-130.5	-125.7	-94.2	-92.6	-90.7			
128. Forecast August 1982	-87.3	-79.1	-107.6	-99.5	-84.2	-85.2				
129. Forecast May 1982	-79.7	-69.3	-96.4	-96.0	-89.3					
130. Forecast February 1982	-63.4	-55.0	-89.8	-84.8						
131. Forecast November 1981	-53.7	-43.1	-80.7							
132. Forecast August 1981	-21.8	-11.1								

Table 7.5.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Change in Outlook on Significant Variables

		1983				1984				1985	
		I	II	III	IV	I	II	III	IV	I	II
	Consumer Price Index										
133.	Actual	293.5	296.8								
134.	Forecast August 1983			299.6	302.7	306.6	310.9	314.9	319.1	323.9	328.2
135.	Forecast May 1983		297.0	300.6	304.6	308.3	312.5	316.9	321.3	325.6	
136.	Forecast February 1983	295.3	299.1	303.8	308.5	312.9	317.3	322.1	326.8		
137.	Forecast November 1982	297.2	301.3	305.9	310.4	315.0	319.7	324.4			
138.	Forecast August 1982	301.9	306.0	310.5	315.4	321.0	326.1				
139.	Forecast May 1982	298.7	303.2	307.9	312.8	318.0					
140.	Forecast February 1982	303.6	308.3	313.8	319.9						
141.	Forecast November 1981	309.4	316.7	323.7							
142.	Forecast August 1931	307.6	314.3								
	After Tax Profits										
144.	Available May 1983	120.7e									
145.	Available August 1983	108.2	122.9e								
145.	Forecast August 1983			136.5	146.4	146.2	151.5	158.2	164.4	167.2	172.6
146.	Forecast May 1983		138.6	147.8	154.2	158.0	166.0	174.8	180.4	185.7	
147.	Forecast February 1983	120.4	132.7	140.0	149.1	149.5	156.9	163.0	166.4		
148.	Forecast November 1982	131.1	139.3	143.3	151.5	156.3	161.1	158.3			
149.	Forecast August 1982	136.3	143.2	148.5	148.6	150.1	151.7				
150.	Forecast May 1982	146.0	154.8	163.1	167.7	159.9					
151.	Forecast February 1982	158.9	167.2	173.5	179.6						
152.	Forecast November 1981	150.3	161.5	166.7							
153.	Forecast August 1981	154.8	162.6								
	Mean Dow-Jones Closing Average										
154.	Actual	1093.7	1196.1								
155.	Forecast August 1983			1221.4	1224.5	1276.4	1216.5	1266.3	1293.3	1325.3	1313.4
156.	Forecast May 1983		1206.5	1332.7	1286.4	1355.1	1267.4	1194.5	1186.3	1196.4	
157.	Forecast February 1983	1059.4	1159.5	1192.9	1188.3	1194.1	1241.2	1292.6	1262.5		
158.	Forecast November 1982	1126.2	1174.3	1223.9	1161.9	1206.3	1175.3	1165.2			
159.	Forecast August 1982	957.7	1030.0	1033.7	1031.5	1094.7	1046.3				
160.	Forecast May 1982	1054.8	1103.2	1181.1	1191.5	1148.6					
161.	Forecast February 1982	928.0	969.4	1046.7	1098.6						
162.	Forecast November 1981	1048.9	1097.5	1121.0							
163.	Forecast August 1981	1152.7	1155.6								

Table 7.6.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Change in Outlook on Significant Variables

		1983				1984				1985	
		I	II	III	IV	I	II	III	IV	I	II
	Treasury Bill Rate										
164.	Actual	8.18	8.47								
165.	Forecast August 1983			9.40	9.85	9.15	8.86	8.69	8.77	8.37	8.12
166.	Forecast May 1983		8.18	8.65	8.21	8.43	7.92	8.36	8.62	8.34	
167.	Forecast February 1983	8.03	8.84	8.72	9.28	8.67	7.93	7.62	7.35		
168.	Forecast November 1982	7.28	6.97	7.85	8.33	7.96	7.58	7.45			
169.	Forecast August 1982	11.69	11.14	11.48	10.95	10.21	9.76				
170.	Forecast May 1982	11.73	11.55	11.07	10.65	10.93					
171.	Forecast February 1982	12.93	13.72	12.62	12.41						
172.	Forecast November 1981	13.11	13.43	13.65							
173.	Forecast August 1981	13.61	12.76								
	Housing Starts										
174.	Actual	1694	1684								
175.	Forecast August 1983			1748	1612	1566	1458	1509	1604	1689	1706
176.	Forecast May 1983		1528	1606	1665	1714	1749	1796	1840	1823	
177.	Forecast February 1983	1286	1414	1443	1503	1525	1545	1526	1495		
178.	Forecast November 1982	1178	1311	1466	1574	1628	1574	1498			
179.	Forecast August 1982	1173	1236	1335	1393	1405	1373				
180.	Forecast May 1982	1314	1388	1377	1366	1366					
181.	Forecast February 1982	1502	1311	1295	1427						
182.	Forecast November 1981	1447	1436	1421							
183.	Forecast August 1981	1513	1499								
	Civilian Unemployment Rate										
184.	Actual	10.3	10.1								
185.	Forecast August 1983			9.4	9.1	8.7	8.5	8.3	8.1	8.0	7.8
186.	Forecast May 1983		10.2	10.1	10.0	9.8	9.8	9.6	9.4	9.3	
187.	Forecast February 1983	10.6	10.5	10.3	10.2	10.1	10.0	9.8	9.6		
188.	Forecast November 1982	10.5	10.4	10.3	10.2	10.0	9.8	9.7			
189.	Forecast August 1982	9.6	9.4	9.1	9.0	8.7	8.7				
190.	Forecast May 1982	9.2	9.0	8.9	8.8	8.5					
191.	Forecast February 1982	9.0	8.7	8.6	8.5						
192.	Forecast November 1981	8.4	8.4	8.3							
193.	Forecast August 1981	7.5	7.6								

Table 7.7.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Change in Outlook on Significant Variables

		1983				1984				1985	
		I	II	III	IV	I	II	III	IV	I	II
	Civilian Employment										
194.	Actual	99.09	99.93								
195.	Forecast August 1983			101.35	102.28	103.06	103.77	104.42	105.08	105.63	106.70
196.	Forecast May 1983		99.56	100.22	100.81	101.53	102.08	102.79	103.41	103.99	
197.	Forecast February 1983	99.31	99.81	100.26	100.83	101.34	101.89	102.41	102.97		
	Money Supply										
198.	Actual	490.3	505.3								
199.	Forecast August 1983			515.2	523.1	531.7	540.4	548.0	557.1	565.1	573.3
200.	Forecast May 1983		498.2	506.7	514.1	525.7	531.0	540.4	549.0	559.5	
201.	Forecast February 1983	486.6	493.1	498.7	506.3	512.7	521.7	529.2	537.4		
202.	Forecast November 1982	476.2	480.2	486.6	497.3	507.5	512.3	516.5			
203.	Forecact August 1982	471.7	478.0	485.2	492.6	499.6	500.3				
204.	Forecast May 1982	470.4	475.0	481.2	487.4	491.6					
205.	Forecast February 1982	469.7	475.2	481.4	487.8						
206.	Forecast November 1981	468.1	475.8	481.2							
207.	Forecast August 1981	476.3	483.0								
	Industrial Production										
208.	Actual	138.5	144.3								
209.	Forecast August 1983			148.2	151.2	152.9	154.3	155.0	156.7	157.5	158.2
210.	Forecast May 1983		141.6	145.2	146.6	147.6	149.4	151.8	153.7	154.8	
211.	Forecast February 1983	136.4	139.6	141.7	145.4	146.7	149.0	150.8	151.5		
212.	Forecast November 1982	138.3	139.8	142.8	145.3	148.0	148.5	148.6			
213.	Forecast August 1982	143.9	146.2	148.3	150.6	150.1	149.4				
214.	Forecast May 1982	151.9	153.4	155.1	155.3	154.7					
215.	Forecast February 1982	152.9	155.4	156.4	157.3						
216.	Forecast November 1981	153.9	156.3	156.0							
217.	Forecast August 1981	160.1	159.5								
	Seasoned Aaa Corporate Bonds										
218.	Actual	11.84	11.57								
219.	Forecast August 1983			12.33	12.68	12.46	12.16	11.78	11.75	11.52	11.37
220.	Forecast May 1983		11.45	11.55	11.26	11.32	11.10	10.96	11.12	10.89	
221.	Forecast February 1983	11.67	11.93	12.05	12.32	12.16	11.92	11.72	11.09		
222.	Forecast November 1982	11.45	10.96	11.32	11.76	11.42	11.07	10.96			
223.	Forecast August 1982	14.21	13.93	14.15	14.23	13.69	13.39				
224.	Forecast May 1982	13.76	13.38	12.99	12.78	13.01					
225.	Forecast February 1982	15.25	15.37	15.02	14.78						
226.	Forecast November 1981	14.43	14.45	14.76							
227.	Forecast August 1981	13.95	13.80								

Table 8

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

U.S. Foreign Trade Accounts for 1982 with Forecasts for 1983 and 1984

	1982	1983	1984	Percent Change		
				81-82	82-83	83-84
Exports of U.S. Merchandise	212193	200498	216429	-9.2	-5.5	7.9
Food & Live Animals	23950	23555	25130	-20.9	-1.6	6.7
Beverages & Tobacco	3026	2890	3258	3.8	-4.5	12.7
Crude Materials	19248	18531	21265	-8.3	-3.7	14.8
Mineral Fuels	12729	10068	10655	23.8	-20.9	5.8
Animal & Vegetable Oils	1541	1364	1401	-11.9	-11.5	2.7
Chemicals	19891	20432	23323	-6.1	2.7	14.1
Manufactured Goods	16739	14006	14460	-18.9	-16.3	1.2
Machinery, Trans. Equipment	87128	84143	89713	-9.0	-3.4	6.6
Miscellaneous Manufacturing	15959	14534	15213	-4.7	-8.9	4.7
Commodities, n.e.c.	6866	6579	7068	-18.2	-4.2	7.4
Re-exports	5117	4398	4945	7.1	-14.1	12.4
Imports of Merchandise	243952	257945	289624	6.5	5.7	12.3
Food & Live Animals	14453	15800	17070	-5.0	9.3	8.0
Beverages & Tobacco	3364	3528	3788	7.2	4.9	7.4
Crude Materials	8589	9673	12080	-22.2	12.6	24.9
Mineral Fuels	65409	58124	62809	-19.6	-10.1	8.1
Animal & Vegetable Oils	405	429	461	-15.2	5.7	7.5
Chemicals	9494	10453	11674	1.8	10.1	11.7
Manufactured Goods	33148	34732	39575	-10.9	4.8	13.9
Machinery, Trans. Equip.	73320	84469	96073	5.2	15.2	13.7
Misc. Manufacturing	28061	32658	37428	6.9	16.4	14.6
Commodities, n.e.c.	7708	8079	8668	5.8	4.8	7.3
Balance of Payments Accounts						
Total Exports	348324	327076	357058	-7.0	-6.1	9.2
Merchandise	211217	198588	214675	-10.9	-6.0	8.1
Reinvestment	5323	4478	5728	-60.5	-15.9	27.9
Other Investment	78823	68072	77065	8.3	-13.6	13.2
Other Goods & Services	52961	55939	59590	3.1	5.6	6.5
Total Imports	351502	360509	401574	-3.2	2.6	11.4
Merchandise	247606	259926	290884	-6.6	5.0	11.9
Reinvestment	-164	856	1778	-	-	-
Other Investment	57006	51861	57758	16.3	-9.0	11.4
Other Goods & Services	47054	47867	51155	4.0	1.7	6.9
Current Account Balance	-11211	-39946	-51716	-	-	-

Table 9.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Implicit Price Deflators for Personal Consumption Expenditures for 1983-I and 1983-II with Forecasts for 1983-III through 1985-II

	1983				1984				1985		Percent Change			Annual		
	I	II(P)	III	IV	I	II	III	IV	I	II	81-82	82-83	83-84	1982	1983	1984
Durable Goods	177.3	177.8	179.1	180.5	181.9	183.3	185.0	187.0	189.3	191.1	4.5	2.2	3.1	174.8	178.7	184.3
% Change	2.8	1.2	3.0	3.2	3.2	3.1	3.8	4.4	4.9	3.9						
Automobiles	194.5	194.4	196.4	198.1	200.0	201.5	203.6	206.0	208.7	211.1	5.4	2.4	3.5	191.3	195.9	202.8
% Change	5.3	-0.2	4.2	3.5	3.9	3.0	4.3	4.9	5.3	4.6						
Furniture	157.8	157.4	158.1	159.0	159.5	160.5	161.7	163.0	165.0	166.2	3.4	1.0	2.0	156.5	158.1	161.2
% Change	0.5	-1.0	1.9	2.2	1.3	2.5	3.0	3.3	4.9	2.9						
Other Durables	183.9	184.4	185.3	186.2	187.7	189.1	191.1	193.1	195.4	197.6	3.3	2.0	2.9	181.3	185.0	190.3
% Change	2.7	1.1	2.0	2.0	3.2	3.0	4.3	4.2	4.9	4.5						
Nondurables	210.6	213.7	215.3	217.4	219.7	222.4	225.3	228.4	231.5	234.2	3.2	2.5	4.5	209.0	214.3	224.0
% Change	-1.1	6.0	3.1	4.0	4.3	5.1	5.4	5.6	5.6	4.8						
Food	218.7	222.1	223.4	224.9	227.9	231.4	234.9	238.1	241.8	245.0	4.4	3.1	4.9	215.7	222.3	233.1
% Change	3.0	6.4	2.4	2.8	5.3	6.3	6.2	5.6	6.3	5.4						
Apparel	141.7	142.8	144.3	145.5	146.5	147.8	148.9	150.2	151.9	153.4	1.9	1.8	3.3	141.1	143.6	148.4
% Change	0.6	3.1	4.2	3.5	2.7	3.6	3.0	3.5	4.6	4.1						
Gasoline & Oil	331.2	344.5	351.4	357.0	358.4	363.6	369.3	374.8	379.7	386.0	-5.0	-3.1	5.9	357.1	346.0	366.5
% Change	-29.5	17.1	8.3	6.5	1.6	5.9	6.5	6.1	5.3	6.8						
Fuel Oil	541.1	521.3	530.4	549.7	560.6	565.4	572.7	585.4	597.0	610.4	-4.5	-5.3	6.6	565.6	535.6	571.0
% Change	-29.3	-13.9	7.2	15.4	8.2	3.5	5.2	9.2	8.1	9.3						
Other Nondurables	211.4	213.8	216.3	219.1	221.6	224.3	227.2	230.4	233.2	236.2	8.0	7.4	5.0	200.4	215.2	225.9
% Change	9.2	4.6	4.8	5.3	4.6	5.0	5.3	5.7	5.0	5.3						
Services	219.8	223.7	226.9	230.1	233.6	236.9	240.3	243.8	247.4	251.1	8.1	6.4	6.0	211.6	225.1	238.7
% Change	4.8	7.3	5.8	5.7	6.2	5.8	5.8	5.9	6.0	6.2						
Housing	202.6	205.0	207.3	209.8	212.3	214.9	217.6	220.4	223.2	226.2	2.1	5.7	4.9	195.0	206.2	216.3
% Change	4.9	4.8	4.5	4.9	4.8	5.0	5.1	5.3	5.2	5.5						
Electricity & Gas	322.8	330.4	337.1	346.4	354.4	362.2	369.8	379.7	384.1	391.5	13.5	9.1	9.7	306.3	334.2	366.5
% Change	2.3	9.8	8.3	11.5	9.6	9.1	8.7	11.2	4.7	7.9						
Household Operations	184.3	186.0	187.6	189.3	192.5	194.6	197.0	199.6	203.4	206.0	9.2	6.2	4.9	175.9	186.8	195.9
% Change	10.6	3.7	3.5	3.7	6.8	4.4	5.1	5.3	7.9	5.2						
Transportation	224.6	229.1	233.8	238.6	242.7	246.7	250.9	255.1	259.6	264.6	6.4	7.5	7.5	215.4	231.5	248.9
% Change	7.1	8.3	8.5	8.4	7.1	6.8	7.0	6.8	7.3	8.0						
Other Services	228.9	232.8	236.2	239.8	243.6	247.3	250.8	254.4	258.5	262.6	7.6	6.4	6.2	220.3	234.4	249.0
% Change	5.0	7.8	5.9	6.3	6.5	6.2	5.8	5.9	6.5	6.5						
Personal Consumption Expenditures	210.1	212.9	215.1	217.5	220.2	223.0	225.9	229.0	232.3	235.4	5.8	4.2	5.0	205.3	213.9	224.5
% Change	2.2	5.5	4.3	4.6	5.1	5.2	5.4	5.7	5.9	5.5						
Consumer Price Index	293.5	296.8	299.6	302.7	306.6	310.9	314.9	319.1	323.9	328.2	6.2	3.1	4.9	289.1	298.2	312.9
% Change	-0.4	4.6	3.8	4.2	5.3	5.7	5.3	5.5	6.2	5.4						

Table 10.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Implicit Price Deflators with Annual Percentage Changes for 1983-I and 1983-II with Forecasts for 1983-III through 1985-II

	1983				1984				1985		Percent Change			Annual		
	I	II(P)	III	IV	I	II	III	IV	I	II	81-82	82-83	83-84	1982	1983	1984
GNP Deflator	212.83	215.17	217.60	220.37	223.27	225.99	228.86	232.20	235.54	238.66	6.0	4.6	5.1	206.88	216.49	227.58
% Change	5.5	4.5	4.6	5.2	5.4	5.0	5.2	6.0	5.9	5.4						
Personal Cons. Exp.	210.1	212.9	215.1	217.5	220.2	223.0	225.9	229.0	232.3	235.4	5.8	4.2	5.0	205.3	213.9	224.5
% Change	2.2	5.5	4.3	4.6	5.1	5.2	5.4	5.7	5.9	5.5						
Private Domestic Investment	212.7	216.5	220.4	223.3	225.3	227.1	229.1	231.5	234.5	237.6	2.1	2.4	4.5	213.1	218.2	228.3
	2.2	7.5	7.4	5.4	3.6	3.1	3.6	4.3	5.4	5.5						
Structures	264.0	263.6	265.1	267.1	269.0	271.5	274.3	277.3	280.5	283.9	4.6	-0.3	3.0	265.8	265.0	273.0
% Change	-2.0	-0.6	2.3	3.1	2.8	3.7	4.3	4.5	4.6	5.0						
Producers' Durables	181.8	183.2	184.8	186.5	188.1	190.0	191.7	193.6	195.4	197.6	2.0	0.5	3.7	183.1	184.1	190.9
% Change	-3.0	3.1	3.6	3.7	3.6	4.1	3.7	4.0	3.9	4.4						
Residential Structures	244.9	247.6	251.7	254.3	256.6	258.3	259.5	262.6	267.3	271.5	2.9	3.9	3.9	240.2	249.6	259.3
% Change	11.4	4.4	6.8	4.2	3.7	2.6	2.0	4.9	7.3	6.5						
Exports	238.0	239.7	241.2	243.6	246.7	250.2	253.3	257.0	260.0	263.1	2.2	1.9	4.7	236.0	240.6	251.8
% Change	4.3	2.8	2.5	4.0	5.3	5.8	5.0	5.9	4.8	4.9						
Imports	265.4	269.5	271.2	274.1	277.8	281.9	285.8	290.0	294.3	298.5	-5.0	-3.2	5.1	278.9	270.1	283.9
%Change	-17.5	6.3	2.6	4.3	5.5	6.1	5.7	6.0	6.1	5.8						
Federal	230.9	232.4	234.0	238.5	242.9	245.6	248.2	255.1	258.1	261.1	6.9	5.4	6.0	222.0	234.0	248.0
% Change	12.2	2.5	2.8	8.0	7.7	4.5	4.4	11.6	4.9	4.7						
Federal Purchases	248.4	250.8	253.1	256.3	260.5	263.8	267.4	271.1	274.5	278.4	5.6	5.8	5.4	238.4	252.2	265.7
% Change	19.8	4.0	3.8	5.2	6.6	5.3	5.5	5.6	5.2	5.8						
Federal Value Added	207.8	208.1	208.4	214.6	217.3	217.8	218.5	229.3	231.5	232.2	8.0	4.6	5.2	200.4	209.7	220.7
% Change	4.8	0.6	0.6	12.5	5.1	0.9	1.3	21.3	3.9	1.2						
State & Local	231.6	234.8	238.5	242.5	246.4	250.3	254.4	258.4	262.8	267.0	7.1	6.3	6.5	222.9	236.9	252.4
% Change	5.4	5.7	6.4	6.8	6.6	6.4	6.7	6.4	7.0	6.6						
State & Local Purchases	245.2	247.5	249.3	252.2	255.6	258.9	262.1	265.5	269.4	273.2	5.4	3.3	4.8	240.7	248.6	260.5
% Change	2.2	3.7	3.0	4.8	5.5	5.2	5.0	5.4	5.9	5.8						
State & Local Value Added	222.5	226.5	231.2	235.8	240.1	264.3	249.0	253.3	258.0	262.6	8.4	8.4	7.7	211.2	229.0	246.7
% Change	7.9	7.4	8.5	8.1	7.5	7.2	7.9	7.1	7.6	7.4						

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